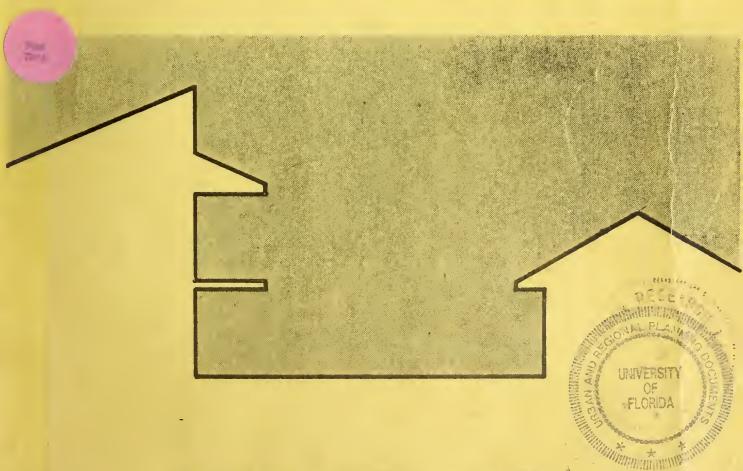
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# HOUSING MARKET ANALYSIS 1975-1985



HOUSING ELEMENT, PART ONE

GAINESVILLE COMPREHENSIVE DEVELOPMENT PLAN

GAINESVILLE, FLORIDA

12-03-001-0695-0187

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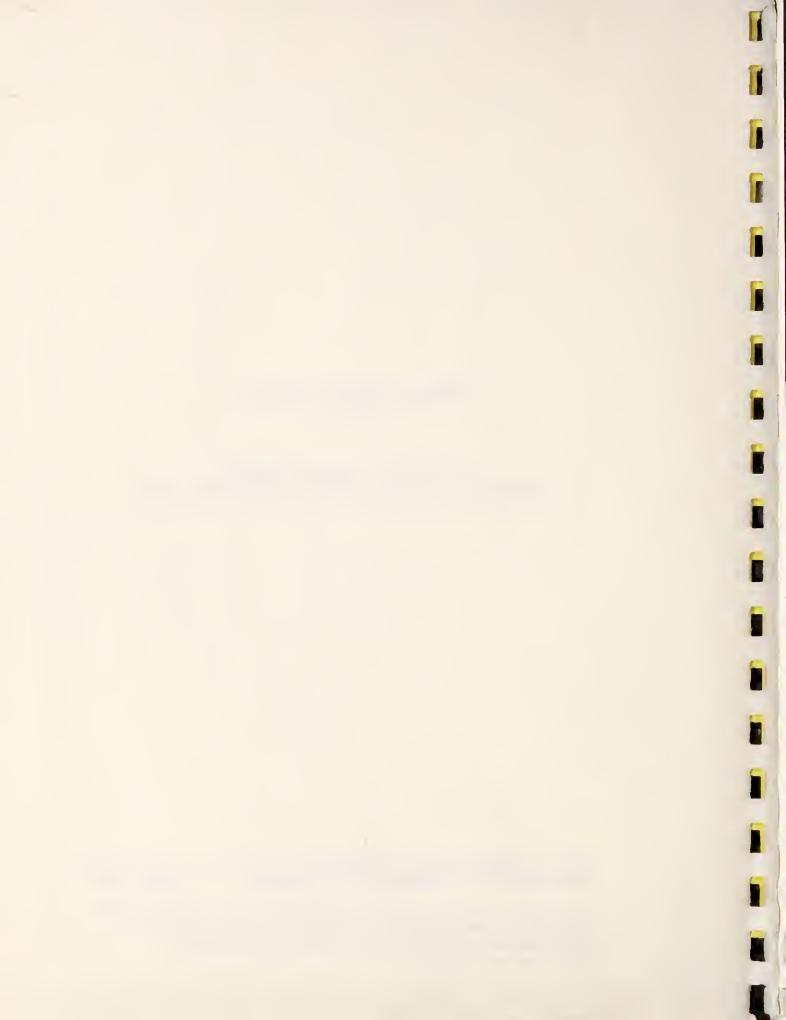


#### HOUSING MARKET ANALYSIS 1975-1985

PART ONE: HOUSING ELEMENT GAINESVILLE COMPREHENSIVE DEVELOPMENT PLAN

City of Gainesville, Florida Department of Community Development June, 1976

The preparation of this report was financed in part through a comprehensive planning grant from the Department of Housing and Urban Development. CPA-FL-04-29-1070.



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As Part One of the Housing Element, this document describes the current housing market in the Gainesville Urban Area.

Chapter One describes the current housing supply, with emphasis on recent residential construction activity.

Chapter Two profiles the housing market, discussing new and re-sale home prices, rents, and the costs of occupying a home. It emphasizes that half the area households are priced out of the market.

Chapter Three projects Urban Area housing demand to 1980 and 1985 for both sales and rental units. Both a high and a low projection are shown, averaging 1,400 to 2,200 units annually.

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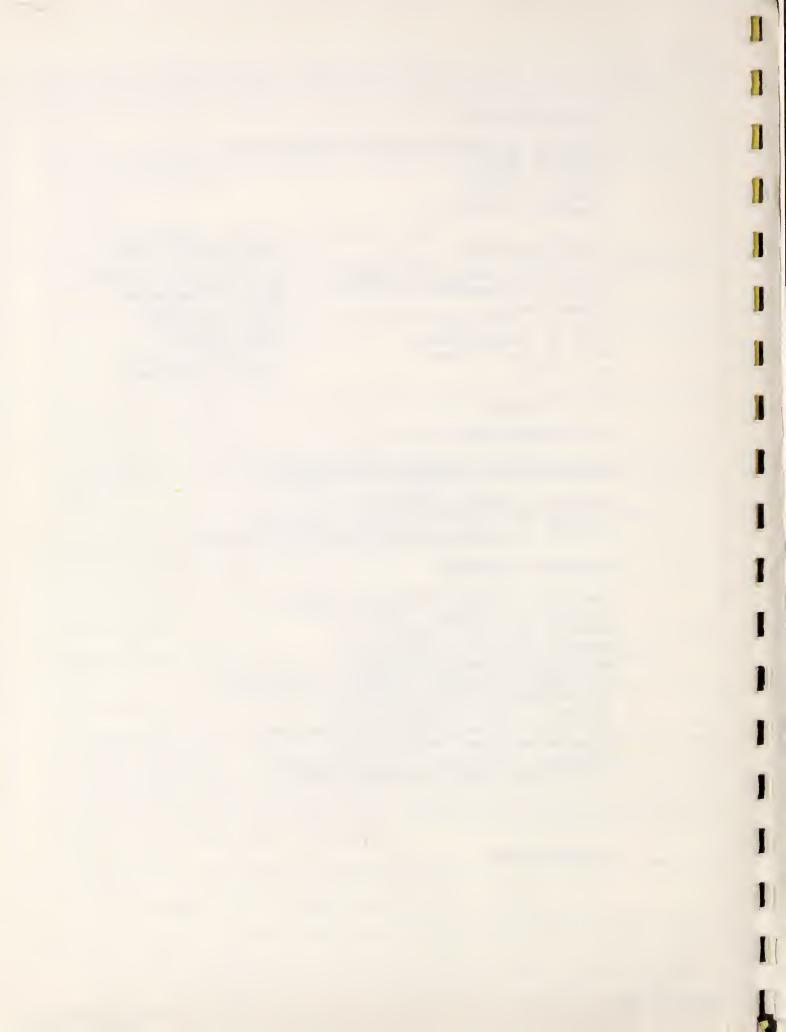
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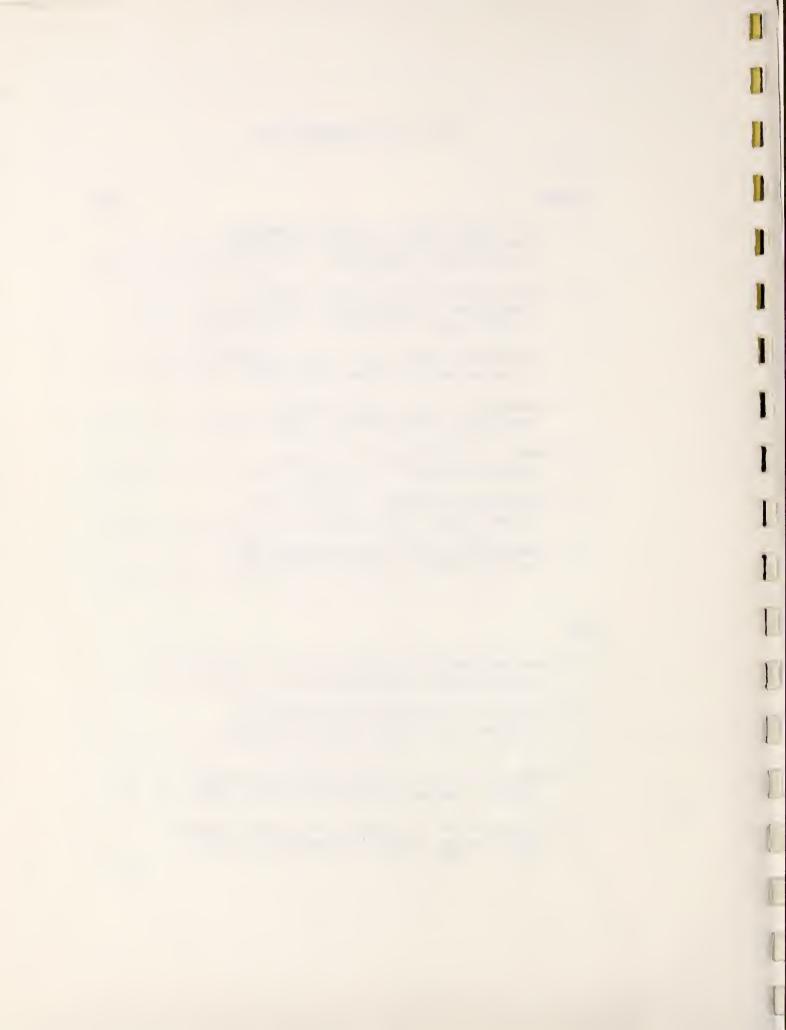
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#### CHAPTER ONE

#### THE HOUSING SUPPLY

#### Housing Production

In the mid-70's, building activity in the Gainesville Urban Area contrasted sharply with housing production nationally and in other metropolitan areas. Throughout the United States, the housing industry experienced its most severe and longest-lasting depression in twenty years. The decline in housing was directly due to inflation and the implementation of a restrictive Federal Reserve Board monetary policy which resulted in high interest rates, an outflow of savings from thrift institutions to higher-yield investments, and a subsequent shortage of credit for construction loans and residential mortgages. problem has been exacerbated by continued inflation, rising unemployment and the energy crisis, constraining consumers and thwarting normal counter-cyclical housing trends.

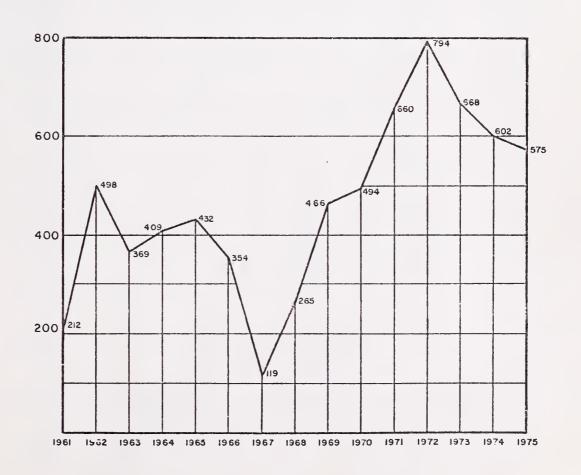
Higher savings inflow to savings-and-loan institutions occurred in late 1974, dropped off at the end of 1975, then began to rebound in 1976. National economic conditions continue to restrict consumer purchases, even in such a durable commodity as housing. Interest rates remain at a high level, although credit conditions are becoming more favorable.

#### Building Activity in the Gainesville Urban Area

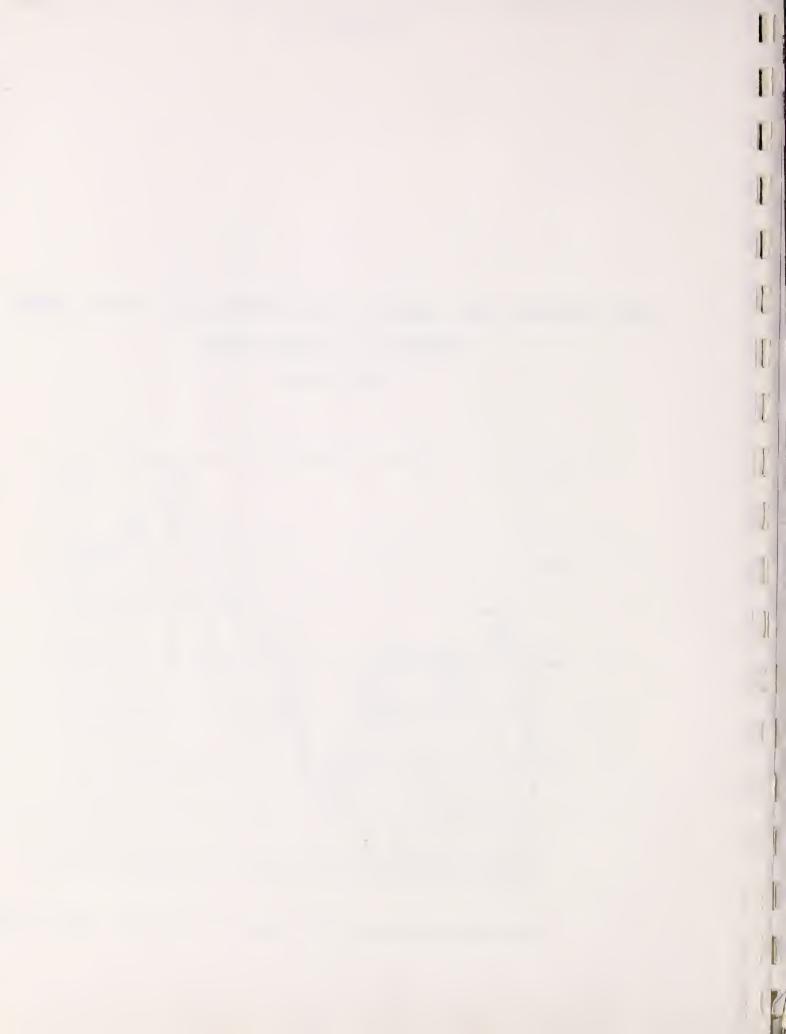
Residential construction remained a viable industry in the Urban Area during the 1970's. Building activity was strong throughout the county, particularly the unincorporated area outside the city limits. The number of single and multi-family units grew in the early 1970's, to a peak of 3,400 units in 1971. Since that time, fewer units have been built. In the two-year period 1974-75, some 1,664 units were added. (Figure 1-1 and 1-2.)

Federal Home Loan Bank Board, Economic Briefs, February 10, 1976.

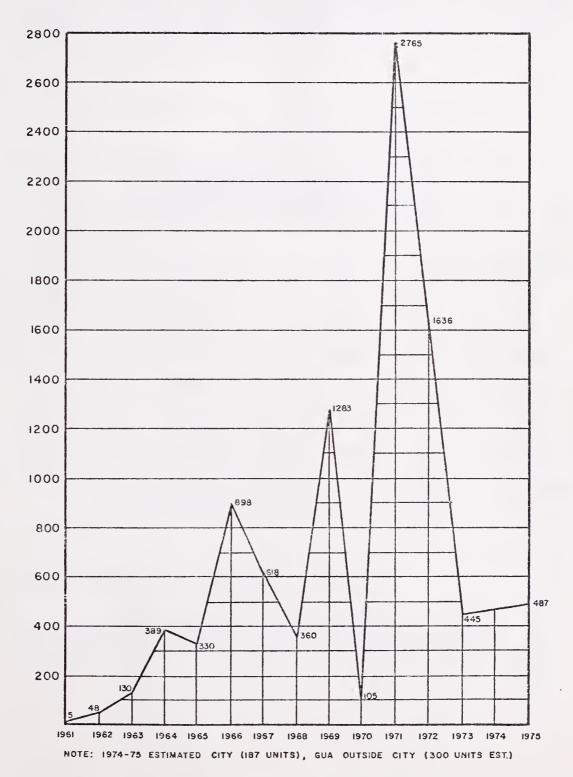
# NEW CONSTRUCTION: SINGLE-FAMILY DWELLING UNITS ADDED GAINESVILLE URBAN AREA 1961 - 1975



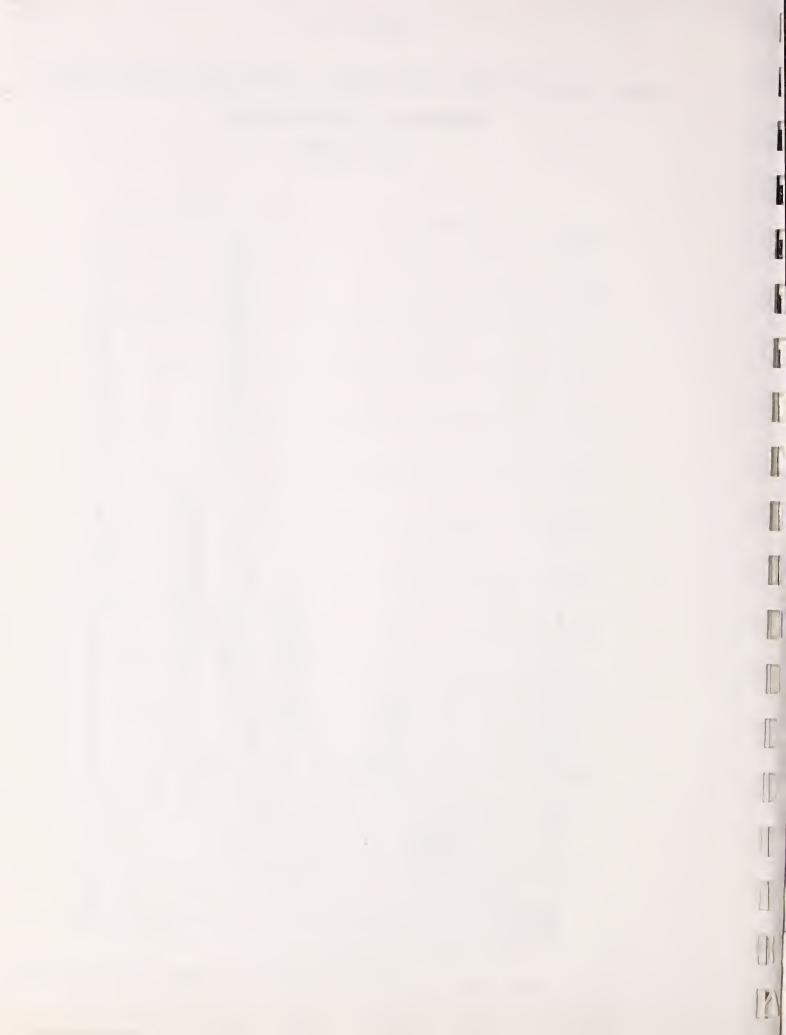
Source: Building Permits Issued by City of Gainesville and Alachua County (Urban Area Only)



## NEW CONSTRUCTION: MULTIFAMILY DWELLING UNITS ADDED GAINESVILLE URBAN AREA 1961-1975



Source: Building Permits Issued by City of Gainesville and Alachua County (Urban Area Only)



#### Single Family Construction

In the past four years, new home building has been strongest outside Gainesville's city limits (Table 1-1). Recently, construction has begun to move well beyond the urban area into the rural county. Of the 548 single-family dwelling permits issued by Alachua County in 1971, over 78 percent were built in the urban area. By 1975, only 62 percent were located in that portion of the county.

Table 1-1

Single-Family Units Authorized

by Building Permits

Gainesville Urban Area, 1970-1975

	GUA	City	Outside City
1970	494	220	274
1971	660	230	430
1972	794	206	588
1973	668	111	557
1974	602	118	484
1975	575	92	483

Source: Gainesville Department of Community Development building permit files.

#### Multi-Family Construction

Gainesville shared the national trend in declining multi-family housing construction, both in magnitude and as a proportion of the total permit activity.

Nationally, apartment completions were 40 percent lower in December, 1975 than in 1974. The national multi-family production rate (for structures with 5-or-more units) reached its lowest level since 1969-1970.<sup>2</sup>

In the Urban Area, construction of apartment buildings declined from the peak building years (1971-72) when over 4,000 units were authorized.

Table 1-2

Multi-Family Units Authorized by

Building Permits

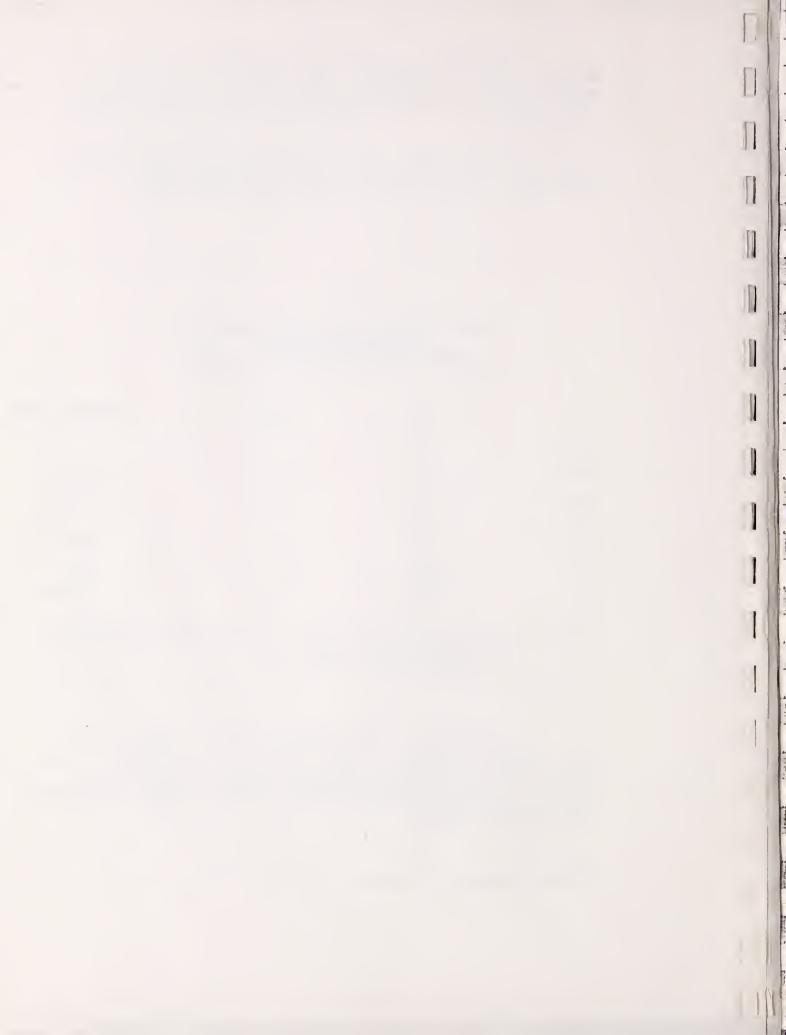
Gainesville Urban Area, 1970-1975

	GUA	<u>City</u>	Outside City
1970	105	85	20
1971	2,765	1,350	1,415
1972	1,636	678	958
1973	445	144	301
1974	(487 <sup>e</sup>	109	\300e
1975	6474	78	(3006

Source: Gainesville Department of Community Development building permit files.

In explaining the scarcity of new rental units, multi-family investors cite a long lead time for planning and arranging financing for new projects. Despite a national, totally-depressed multi-family market, apartment demand exists in the Urban Area, but investment has not expanded the supply.

Economic Briefs, November-December, 1975.



#### Keeping Pace with Population

With only an average of 700 units added each year during the last two years, the Urban Area is not adding sufficient units to keep pace with population growth.

In 1970, a survey of housing demand in the United States estimated that it takes a minimum of six to seven new units each year, per 1,000 population, just to keep up with natural population increase and the demolition of existing units. A market with significant in-migration needs eight units and more per 1,000. In Alachua County, new construction has just kept up with natural increase. In the Urban Area, demand caused by in-migration, as well as the housing need of people currently living in the area does not appear to have been met adequately.<sup>2</sup>

Table 1-3 compares the decline in city residential construction to the steady increase in all of Alachua County. Using 1969 as a base year, the number of residential permits issued each year are shown as a percentage of the base year. The 1976 total is estimated. Clearly, the county draws the bulk of homebuilding activity, with its lure of available, cheaper land.

Alachua County had an estimated 133,000 people in 1975. At this rate, a minimum of 1,064 units should have been built in 1975 to take care of natural increase and inmigration (eight units per 1,000). Only 781 permits for residential building were issued in that year (719 were for single-family units), for a ratio of new construction to population of only 5.8 per 1,000. With the Urban Area's 1975 population at 105,000, 840 units were needed (eight units per 1,000).

Permits for single-family dwellings and individual multi-family projects (not units).



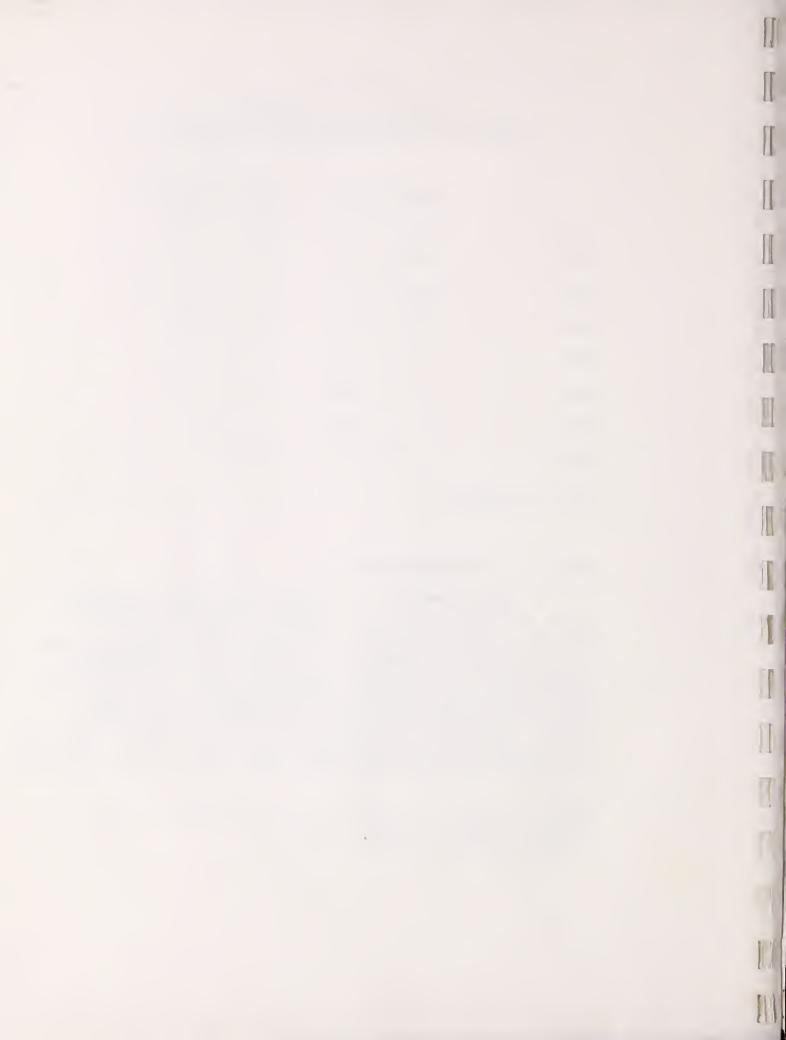
Table 1-3 Decline vs. Increase Number of Residential Permits Issued

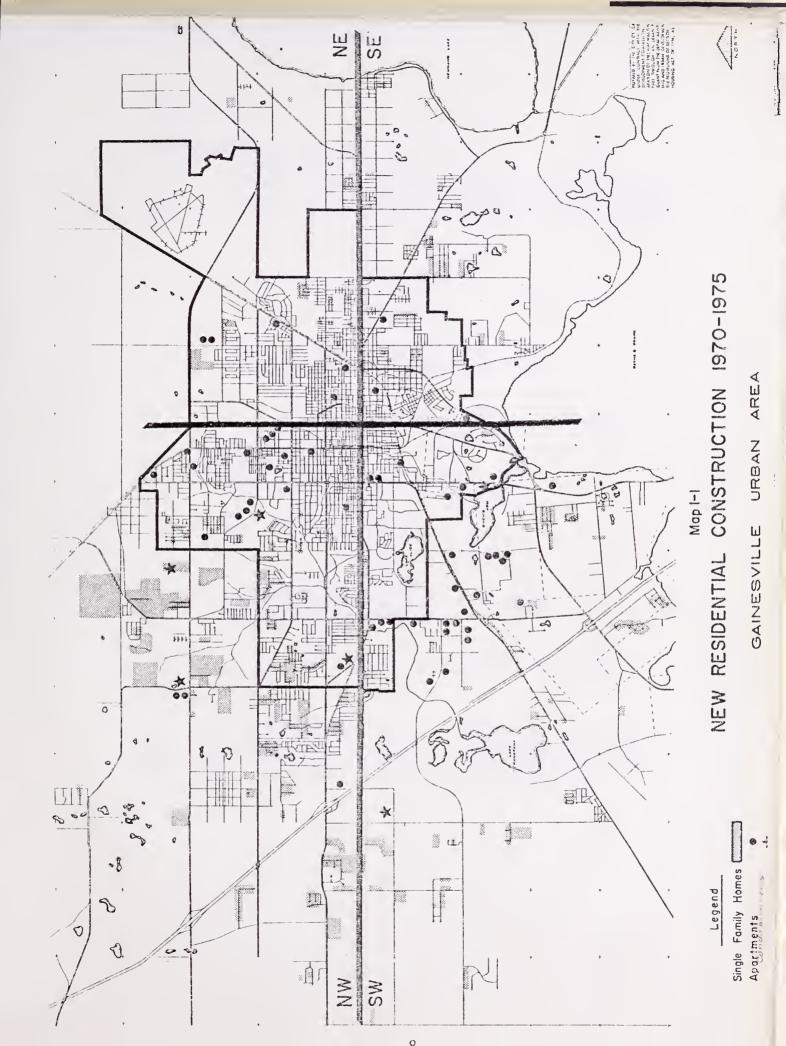
	Gaine	esville	Alach	nua County
1969	286	(100%)	383	(100%)
1970	227	( 79%)	379	( 99%)
1971	248	(87%)	561	(146%)
1972	217	( 76%)	775	(202%)
1973	116	( 41%)	<b>7</b> 56	(197%)
1974	124	( 43%)	733	(199%)
1975	101	( 35%)	781	(204%)
1976	113e	( 40%)	1084e	(283%)
e <sub>1976</sub> estimated				

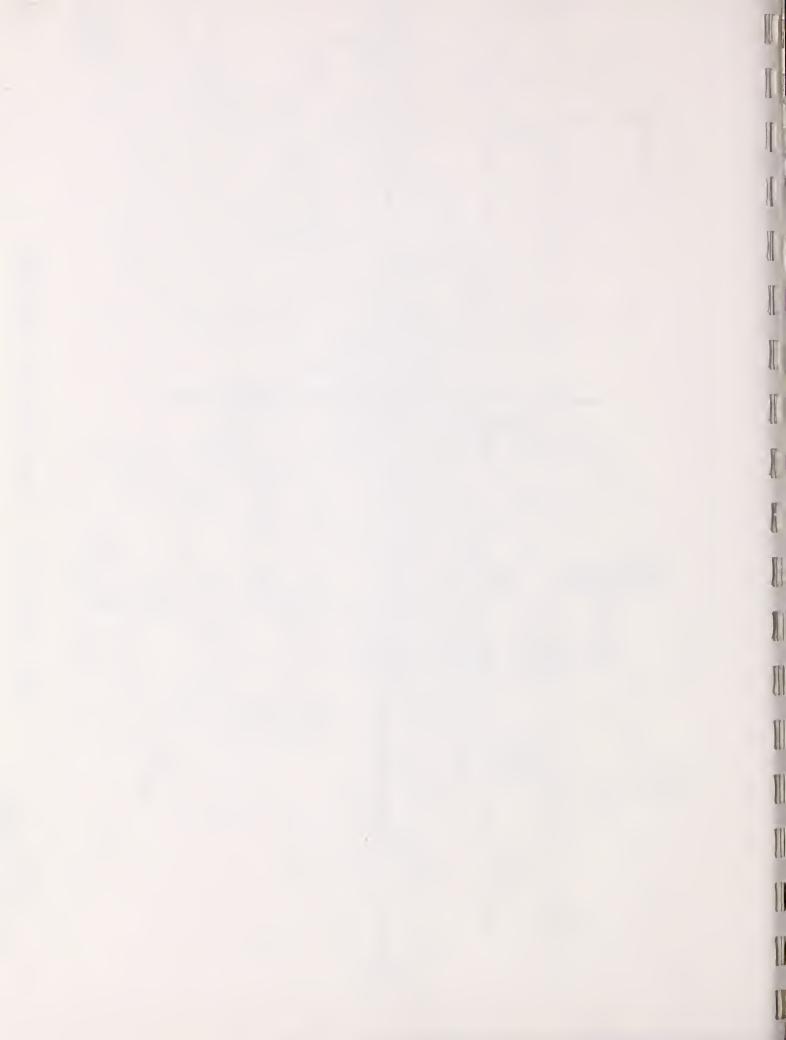
#### Location of New Construction

Approximately 15 percent of the city's housing stock has been built since 1970.4 However, location for new construction has been selective. Map 1-1 illustrates the concentration of new single-family homes in the northwest urban area. Apartment construction clusters in the southwest quadrant, near the University / of Florida, and in the northern section of the city. This area selectivily can be translated into higher costs. Chapter Two discusses the sales prices of homes and rental costs in the urban area, demonstrating that the housing market leans heavily toward higher-income consumers.

<sup>&</sup>lt;sup>4</sup>Units added = 16 percent, less demolitions = 15.2 percent added to housing stock.







#### Housing Mix

#### Owner-occupied units

Since the 1970 census, some 3,513 single family homes have been added to the urban area housing stock. Most of these have been built outside the city limits.

Table 1-4

## Single-Family Homes Gainesville Urban Area, 1976

		GUA	City Limits	Outside 
Built:	before April 1970	16,268	12,617	3,651
	April 1970 - Dec. 1975	3,513	935	2,578
	Total	19,781	13,552	6,229

Source: Gainesville Department of Community Development

building permit data.

#### Size of Units

Three-bedroom homes are popular in the urban area. In 1970, over 57 percent of the owner-occupied units were 3-bedroom structures. Two-and 4-bedroom homes each represented 18 percent of the total.

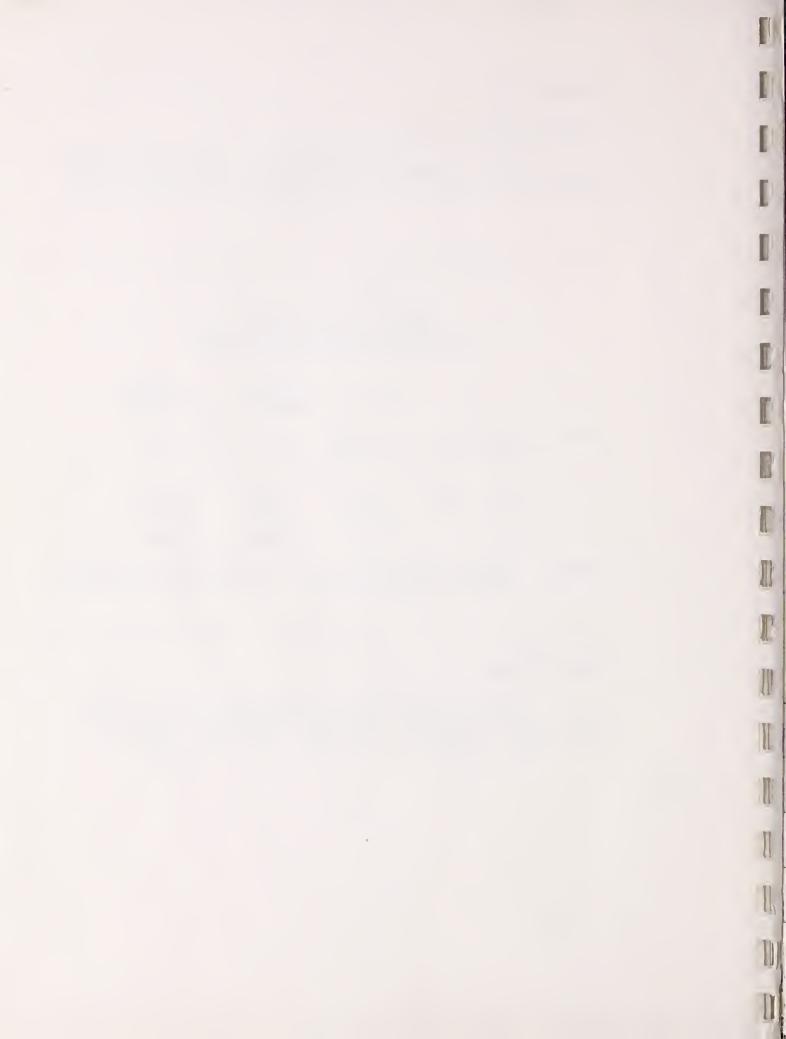


Table 1-5

### Owner-occupied Units, 1970 Gainesville Urban Area

Bedrooms	Number Units	<u> </u>
0-1	183	1.6
2	2,087	18.5
3	6,498	57.8
4	2,036	18.1
5 or more	447	4.0
Total	11,251	100.0%

Source: U. S. Department of Commerce, Bureau of the Census, 1970 Census of Housing, Fourth-Count Tally, Minor Civil Division, Table 121.

Early

#### Renter-occupied Units

In the urban area, two-bedroom rental units are more plentiful than any other type. In 1970, the census found 10,363 rental units in the urban area, nearly half of which were two-bedroom. (See Table 1-6) These rental units included single-family homes, duplexes, and apartments.



Table 1-6

#### Renter-occupied Units, 1970 Gainesville Urban Area

Bedrooms	Number Units	. %
0	289	2.8
1	3,284	31.7
2	4,703	45.4
3	1,810	17.5
4 or more	277	2.7
Total	10,363	100.0%

Source: U. S. Department of Commerce, Bureau of the Census, 1970 Census of Housing, Fourth-Count Tally, Minor Civil Division, Table 130.

Since 1970, nearly half the apartments constructed in the Gainesville Urban Area have been one-bedroom units. Over one-third were two-bedroom units. Table 1-7 outlines the number of apartments built, by bedroom size, since April 1970.

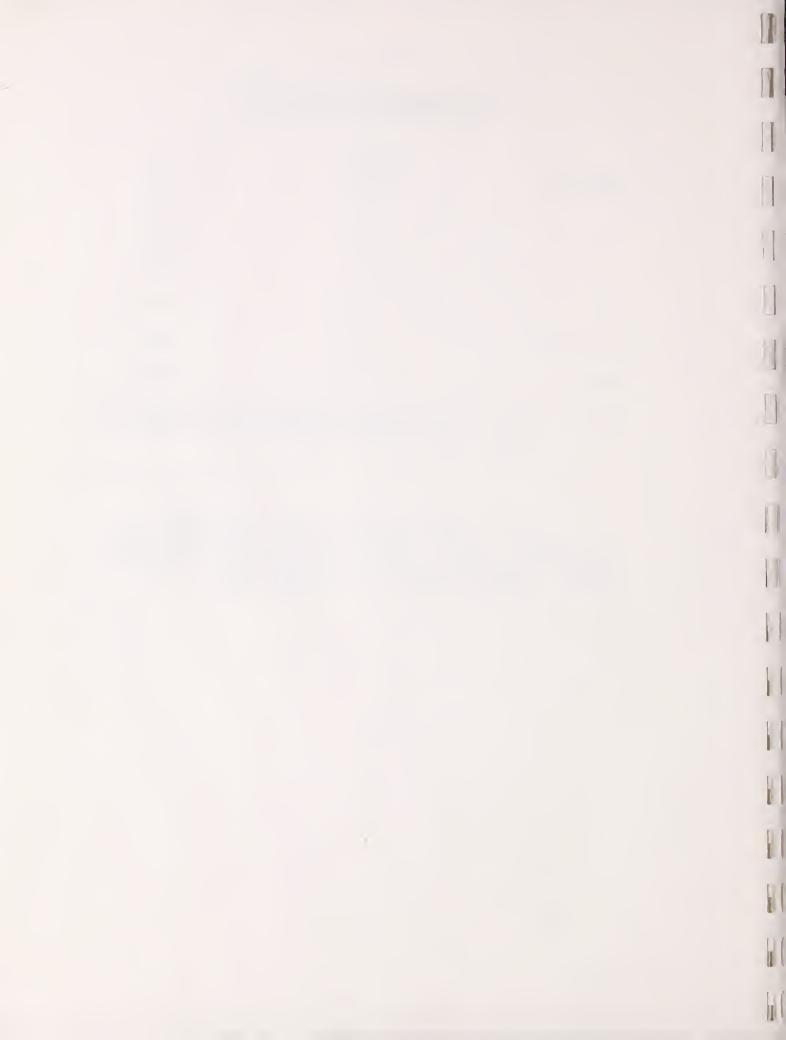


Table 1-7

<u>Apartments Built since 1970 Census</u>

<u>Gainesville Urban Area</u>

Bedroom	Number Units	. 6
0	1	0.02
1	2,267	47.9
2	1,738	36.8
3	562	11.9
4	159	3.4
Total	4,727	100.0%

Source: Department of Community Development; University of Florida, Off-Campus Housing Office.

When these units are added to the pre-1970 rental stock, the current bedroom mix can be seen. Eighty percent of the urban area rental dwellings are one and 2-bedroom units. Less than five percent are either efficiencies or four-bedroom or larger units.

The housing supply is geared toward a small-household market.

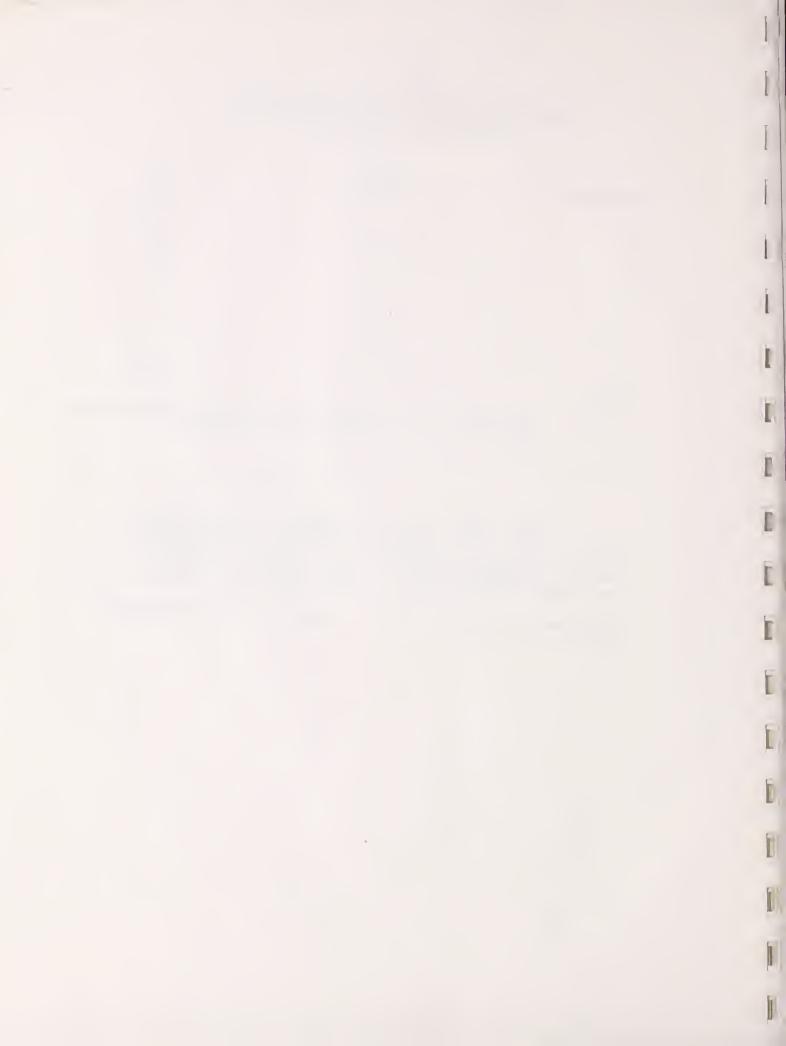


Table 1-8

Renter-occupied Units, 1976
Gainesville Urban Area

Number Bedrooms	Units	%
0	290	1.9
1	5,551	36.8
2	6,441	42.7
3	2,372	15.7
4 or more	436	2.9
Total	15,090	100.0%

Source: Table 1-6 and 1-7.

Does not include single-family homes or duplexes converted to rental units since

the 1970 Census.

# Mobile Homes

Within the urban area, mobile homes are fast becoming the most economical alternative to the single-family home. Mobile units have become a significant portion of the Gainesville Urban Area housing stock, representing over nine percent of the housing supply. The rate of increase has lessened somewhat in the past three years; nevertheless, between 1970 and 1975, mobile home units had increased 64.6 percent in the urban area.

Ī Ī

#### Table 1-9

# Mobile Home Units, Gainesville Urban Area, 1970-75

As of:	GUA Total <sup>a</sup>	City	Outside City
Dec. 1970:	2,125	345	1,780
Dec. 1975:	3,497	599	2,898

<sup>&</sup>lt;sup>a</sup>Units include mobile homes in parks and on individual sites. Source: Department of Community Development, building permit files, aerial photo surveys and inquiries to mobile home parks.

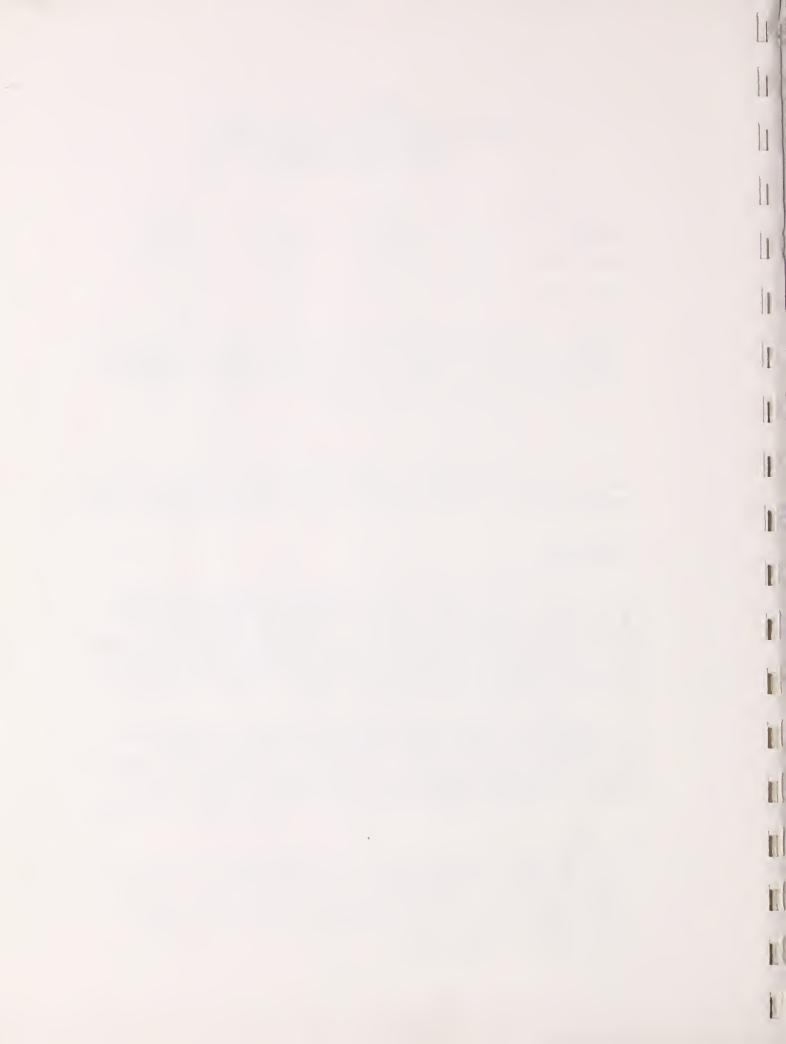
The majority of these units are found in mobile home parks in the urban area, with scattered-site units concentrated in the rural portion of the county.

#### Vacancies

Vacant residences are increasingly difficult to locate. In 1974, the Gainesville Urban Area had a vacancy rate of 1.9 percent. By 1975, the rental market had softened somewhat, to bring the overall rate to 2.3 percent. However, single-family homes had a rate of 1.8 percent for both years. Mobile homes had only 1.4 percent vacancies in 1975.

The upper-income rental market, particularly in apartments, has experienced a slightly higher percentage of vacancies. A survey of apartment complexes by the University of Florida Off-Campus Housing Office found the vacancy rate at 1.9 percent in fall quarter, 1975, a decrease over fall 1974 (2.1 percent). By early

<sup>&</sup>lt;sup>5</sup>U.S. Postal Vacancy Surveys of Gainesville Urban Area, Oct. 31, 1974 and Oct. 15, 1975. The survey covered dwelling units in residences, apartments, and mobile homes, including public housing. It did not cover commercial hotels, motels, dormitories or boarded-up residences or apartments.



1976, vacancies increased. According to apartment managers and Off-Campus Housing, students are doubling up to save money. In the past, three roommates shared a three-bedroom apartment. Now, the same three will rent a two-bedroom unit. Larger units remain vacant longer. Smaller, cheaper apartments rent immediately.

The above vacancy figures do not adequately reflect the lower-to-middle income elderly and family housing plight. Since high-rent units are averaged into the vacancy total, the resultant rate is much higher than would be the case for lower-rent units. Such units are difficult to come by.

For example, in attempting to locate low-rent units for the city's Section 8 Rental Assistance Program, the Housing Division could find no vacant two-bedroom units in the \$100-180 range. Vacancies were available at \$180-200 month, but low-to-moderate-income families could not afford them.

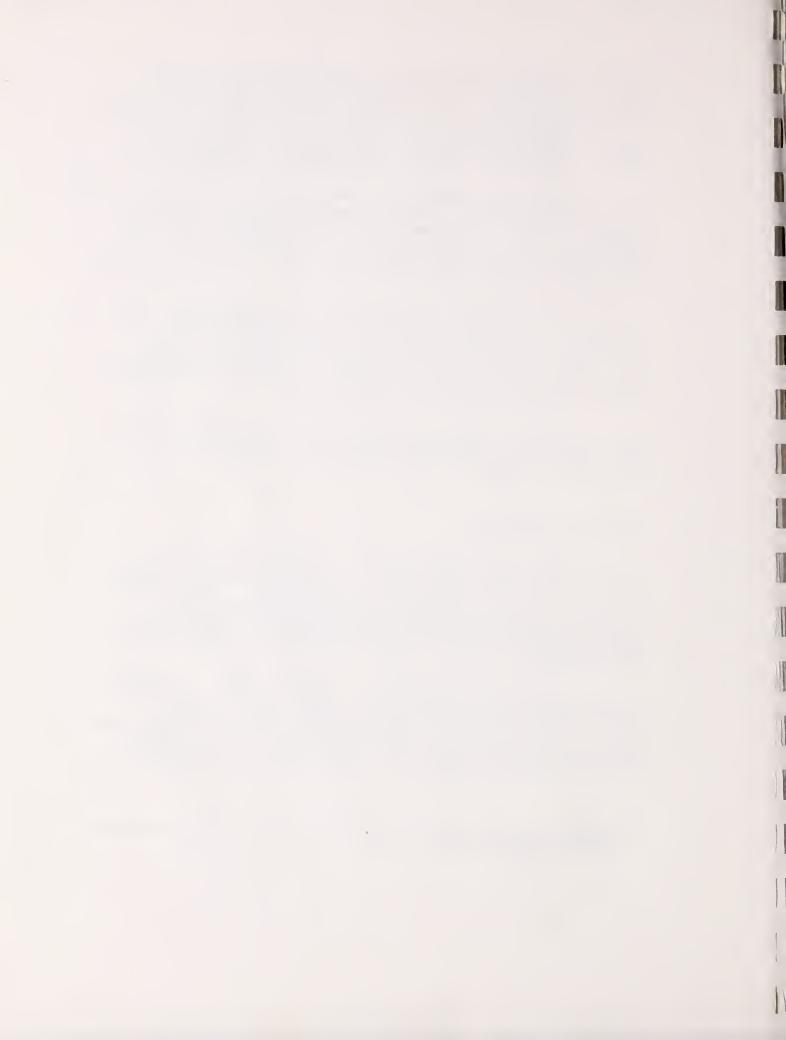
By fall 1976, rentals will be in short supply. Many apartment complexes had rented all units by May, 1976. 6 Rental realtors expect demand for housing to exceed supply.

# Housing Condition

The condition of units in the area varies. Within the city limits, an estimated 4 percent of the housing stock is considered substandard. In January, 1976, the city's Housing Division surveyed all neighborhoods within the city limits to establish preliminary boundaries for a revised schedule of code enforcement.

Units were rated on a scale of four. Briefly, substandard units requiring "major" structural, electrical or plumbing system repair were counted apart from dilapidated or beyond-repair dwellings. Units needing "minor" repair were those requiring replacement

Independent Alligator (University of Florida newspaper), May 28, 1976.



of damaged flooring, wall board, steps, broken window and the like. The neighborhoods with more than 10 percent of their units in need of repair are shown on map 1-2. Each contains older housing, both owner-and-renter-occupied.

Condition of urban area housing outside the city has not been surveyed.

# Age of Housing

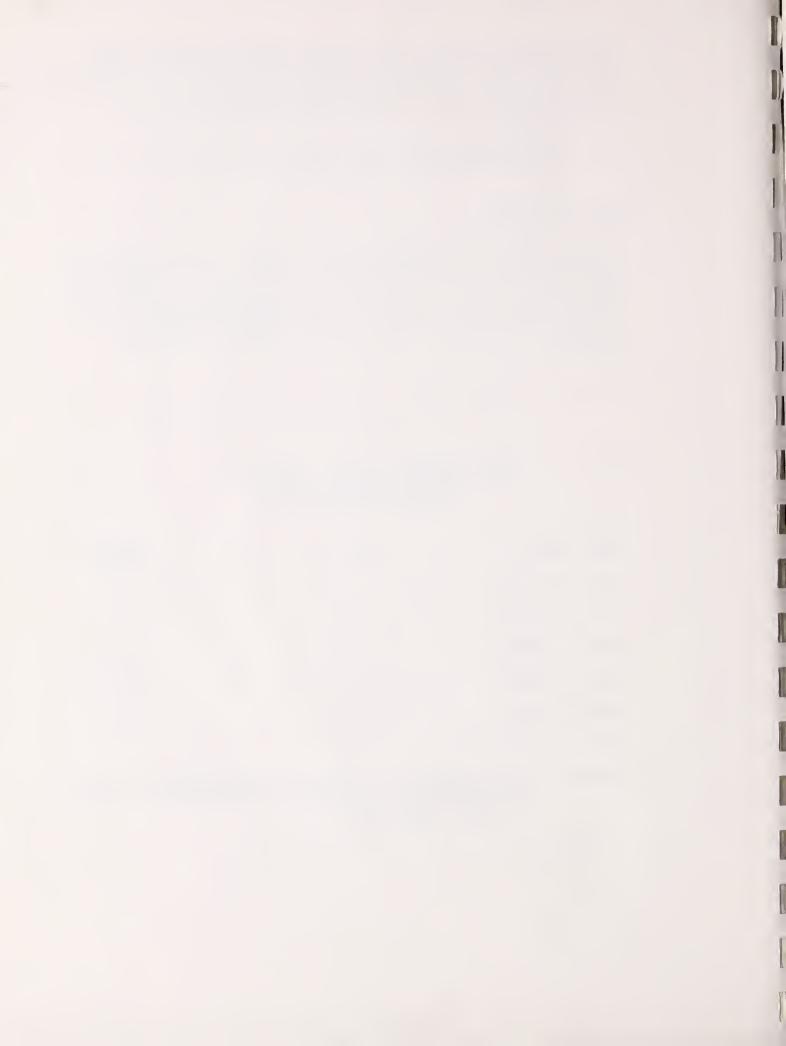
The oldest housing in the urban area is located within the City of Gainesville. Table 1-10 illustrates the owner-renter distribution in the housing stock, by age of units at the time of the 1970 Census. The oldest units (pre-1950) house an almost equal proportion of renters and owners. More renters occupy the newest housing.

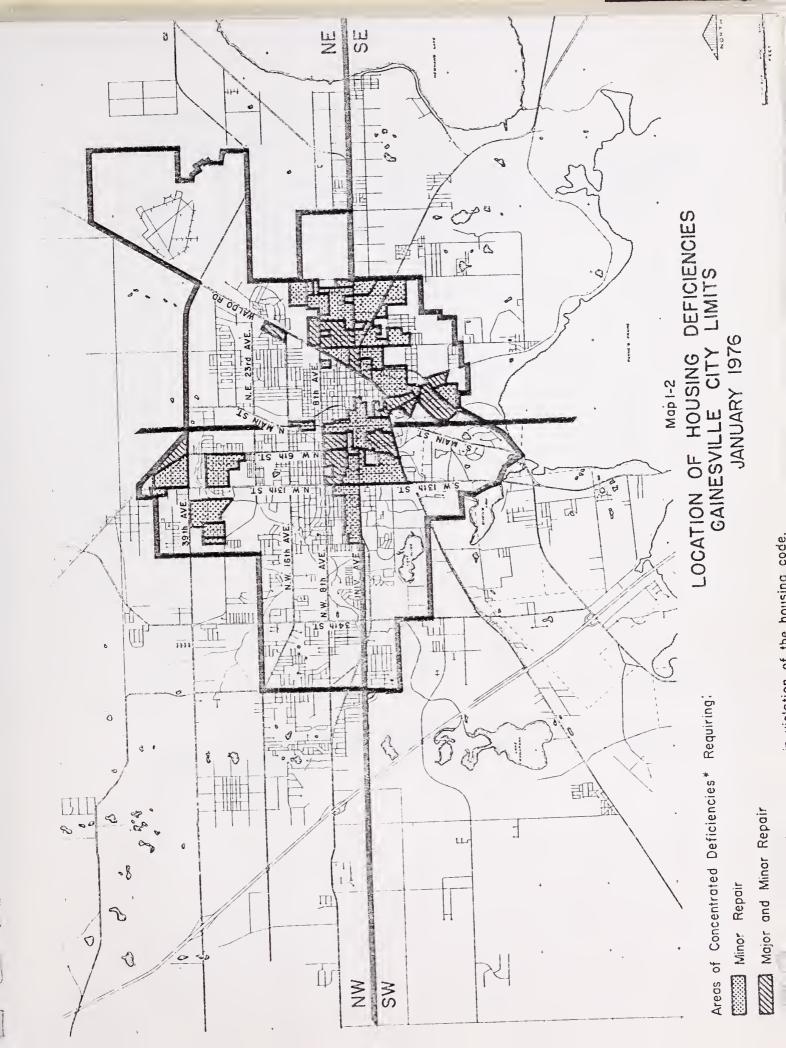
Table 1-10

# Owner/Renter-Occupied Housing, by Age of Unit, 1970 City of Gainesville

Year Built	Owner	Renter
1969 or 1970	2.9%	10.1%
1965 to 1968	13.4%	24.4%
1960 to 1964	23.1%	16.5%
1950 to 1959	32.6%	20.1%
1940 to 1949	13.8%	15.0%
1939 or earlier	14.2%	13.9%

Source: U. S. Bureau of the Census, <u>Metropolitan Housing</u>
<u>Characteristics</u>, 1970 HC (2)-79, Gainesville,
Florida, Table B-8.







# Subsidized Housing

# Public Housing

As of May 1976, the urban area counted 585 public housing units in its housing stock, all within the city limits. No Alachua County public housing units are situated within the urban area. Table 1-11 gives a percentage breakdown by bedroom size.

Table 1-11

Gainesville Public Housing Units,
by Bedroom Size, 1975

	Number	8
0-BR	60	10.2
1-BR	181	30.9
2-BR	147	25.1
3-BR	112	19.1
4-BR	43	7.4
5-BR	42	7.3
	Total 585	
		• 1

This year, the Gainesville Public Housing authority plans to build another 100-unit project for the elderly downtown.

Occupancy rates are high in these units. Monthly checks of Gainesville Housing Authority records indicate an average three percent vacancy-factor, usually due to turnover time (vacant units awaiting new tenant moveins).

# Federally-Subsidized Housing

Eight subsidized garden apartment projects are located in the city. Most were built using HUD 236 and 221-d-3 financing. A recent household survey of the 788 apartments found 98 percent of the units occupied. 7 Table 1-12 outlines the number of units by bedroom size.

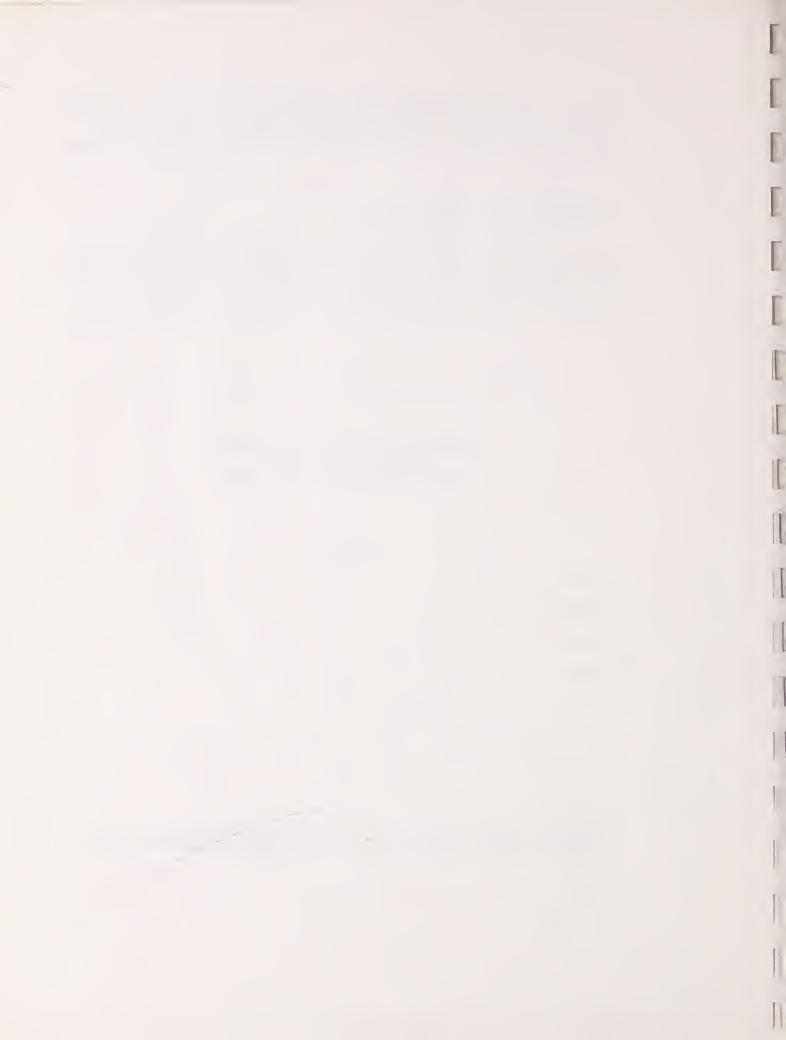
Table 1-12

Federally-Assisted Housing,

by Bedroom Size
City of Gainesville, 1975

		Number	
1-BR		64	8.1
2-BR		350	44.4
3-BR		354	44.9
4-BR		20	2.5
	Total	788	

<sup>7</sup>See the City of Gainesville, Housing Assistance Plan, 1976-77 for a description of household characteristics.



#### CHAPTER TWO

#### THE HOUSING MARKET

# The Sales Market

Examination of accelerating housing prices in the Gainesville Urban Area clearly demonstrates that the shelter market has placed itself out of reach of the average household. Inflation, in the cost of labor, materials, and land development, has constricted the market for all but the upper-middle income consumer.

According to the Gainesville Home Builders' Association, in 1975, the median sales price of a new home reached \$38,500. The average resale home cost \$36,000.

Most housing is built on a speculative basis, with approximately twenty percent of all units built on contract or on a presold basis. This year, more homes are being built in the latter manner, but speculative building still predominates.

#### Sales Prices

Prices for homes in the urban area have accelerated rapidly, outdating previous information gathered by Department of Community Development housing studies. To bring the price picture into contemporary focus, three sources were used: the Alachua County Property Appraiser's sales maps, the Gainesville Multiple Listing Service, and advertisements in the Gainesville Sun.

# Recent Sales - Appraiser's Records

A check of the County Property Appraiser's sales records for 1974 and 1975 showed average price ranges for sections of the urban area. Prices were averaged

Very few 1976 sales were recorded. Only single-family home sales were used. Any houses on more than one lot were considered atypical and excluded.

by census enumeration district (E.D.). Any E.D. experiencing zero or too few sales was left blank. The latter includes E.D.'s in the center of the city and in the northeast, along Waldo Road.

Map 2-1 clearly divides the urban area in terms of sales prices. All southeast/northeast homes, including those just west of North Main Street, recorded sales under \$30,000. The northwest quadrant averaged sales in the 30's and 40's. Careful examination of most E.D.'s in the southwest yielded no sales for the past two years, with the exception of E.D. 1685 and portions of E.D. 1644.2

# Increase Since 1973

Two years ago, the same source was used for the Department of Community Development's Housing in Gainesville, 1974. Compared to the 1973 sales recorded in that study, urban area homes carry \$5,000-10,000 higher selling prices, depending upon their location.

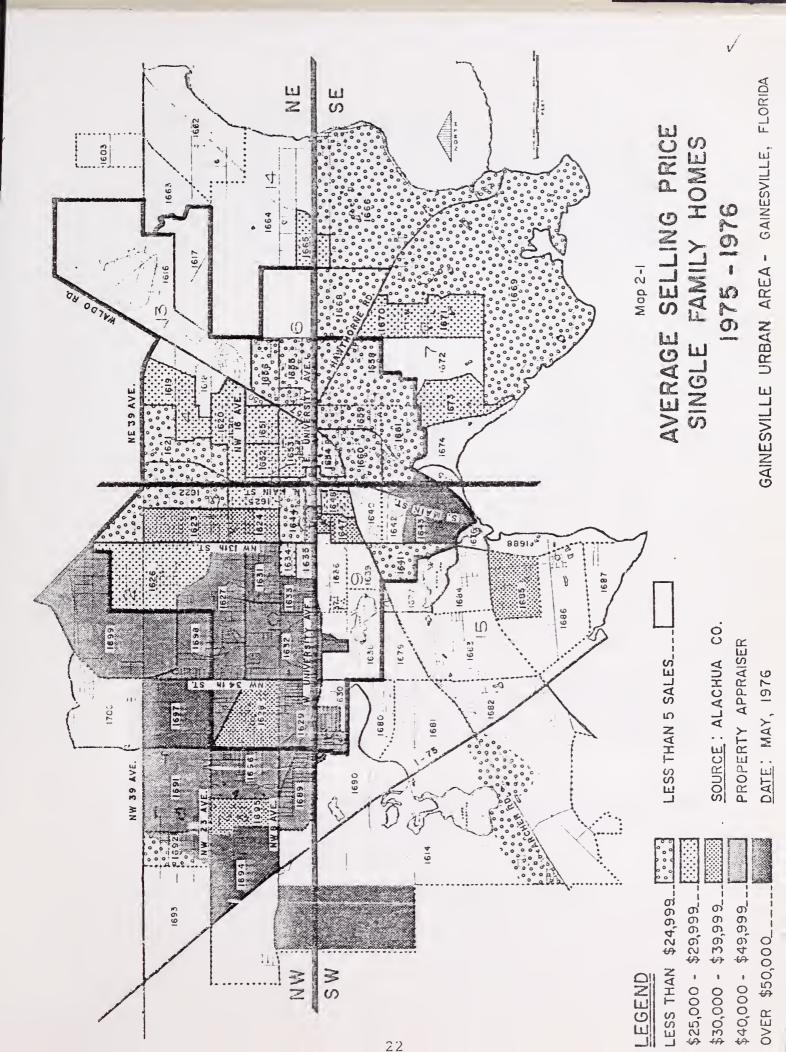
Table 2-1

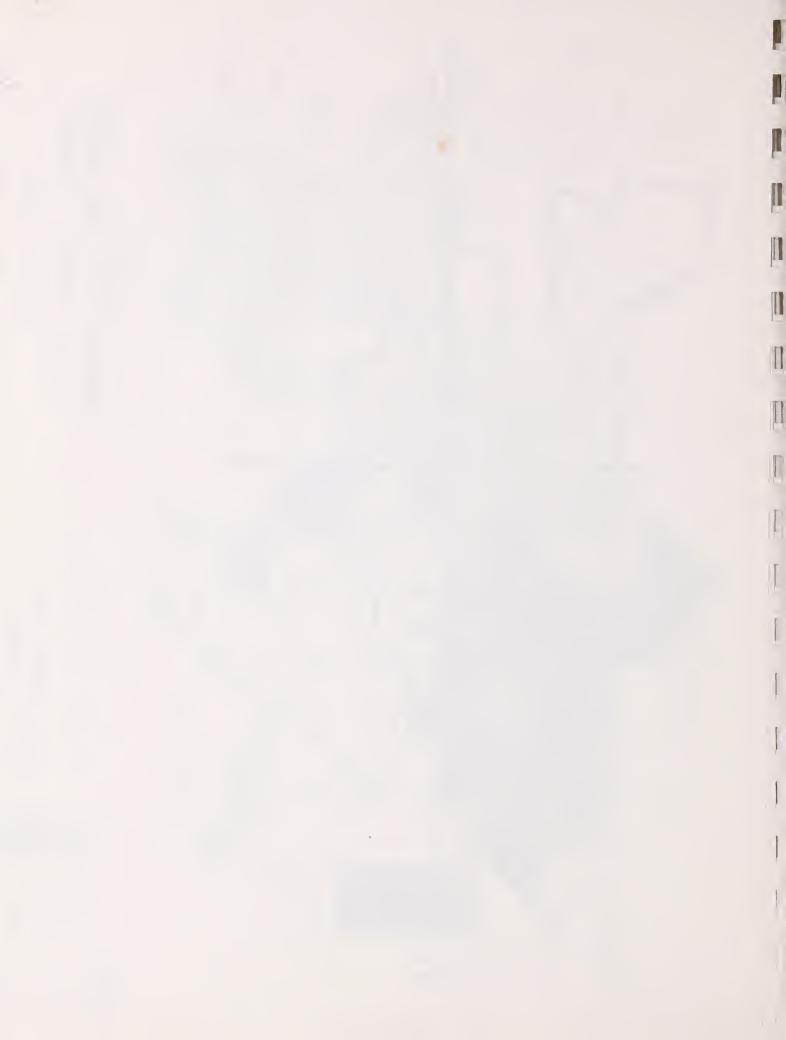
# Average Recorded Sales Prices, Single Family Homes by Quadrant

	1975	1973
Northwest	\$40-49,000 \$50,000 +	\$30-35,000 \$35,000 +
Southwest	*	
Northeast	\$20-25,000 \$25-29,000	\$15-20,000 \$20-25,000
Southeast	\$20-25,000	\$15-20,000

\*Inadequate sample. 1974 sales averaging \$30-39,000.

<sup>238</sup> sales were recorded in E.D. 1614 for 1974-75-76. All 24 sales recorded in E.D. 1685 took place in 1974, hence its current price range would be well above the \$30-39 recorded on Map 2-1.





# Multiple Listing - Asking Price

A check of the active multiple listings on February 20, 1976, found 442 homes for sale in the Gainesville Urban Area. Homes in the northwest were the most expensive, averaging \$28-to-29 per square foot of living space for new, builder-listed homes and \$26-to-27 per square foot for resale homes. Homes in the southwest area averaged the next highest price per square foot.

Table 2-2

# Average Price Per Square Foot Gainesville Multiple Listing Service February, 1976

	New Home	Resale
Northwest	\$28-29	\$26-27
Southwest	26	25-28
Southeast	-	22
Northeast	-	20

Looking at the number of dwellings carried by Multiple Listing Service (MLS) over a year, one notes the predominance of higher-priced homes. Over 40 percent are in the \$45,000-and-over range (Table 2-3). Very few listings are priced under \$25,000.3

\$30-39,999 = 23.3% \$40-49,999 = 17.5% Over \$50 = 26

Source: National Association of Realtors, March, 1976.

<sup>&</sup>lt;sup>3</sup>By contrast, a national market survey revealed that homes priced under \$30,000 = 33% of all sales in the U.S.

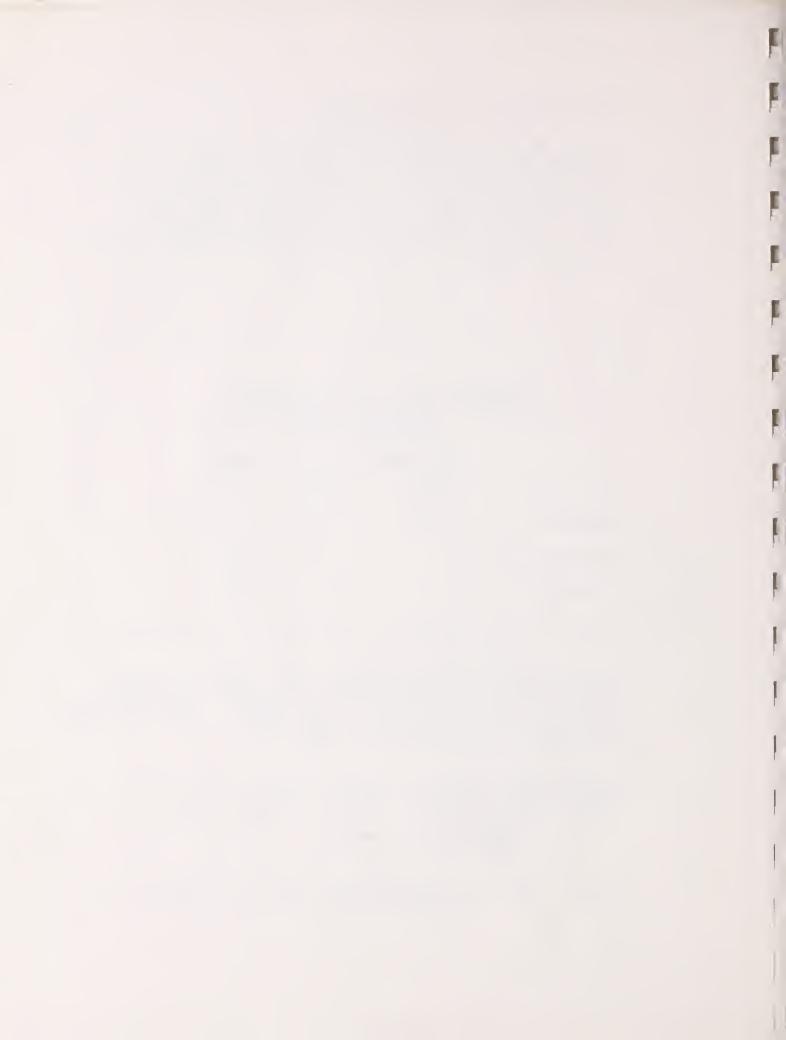
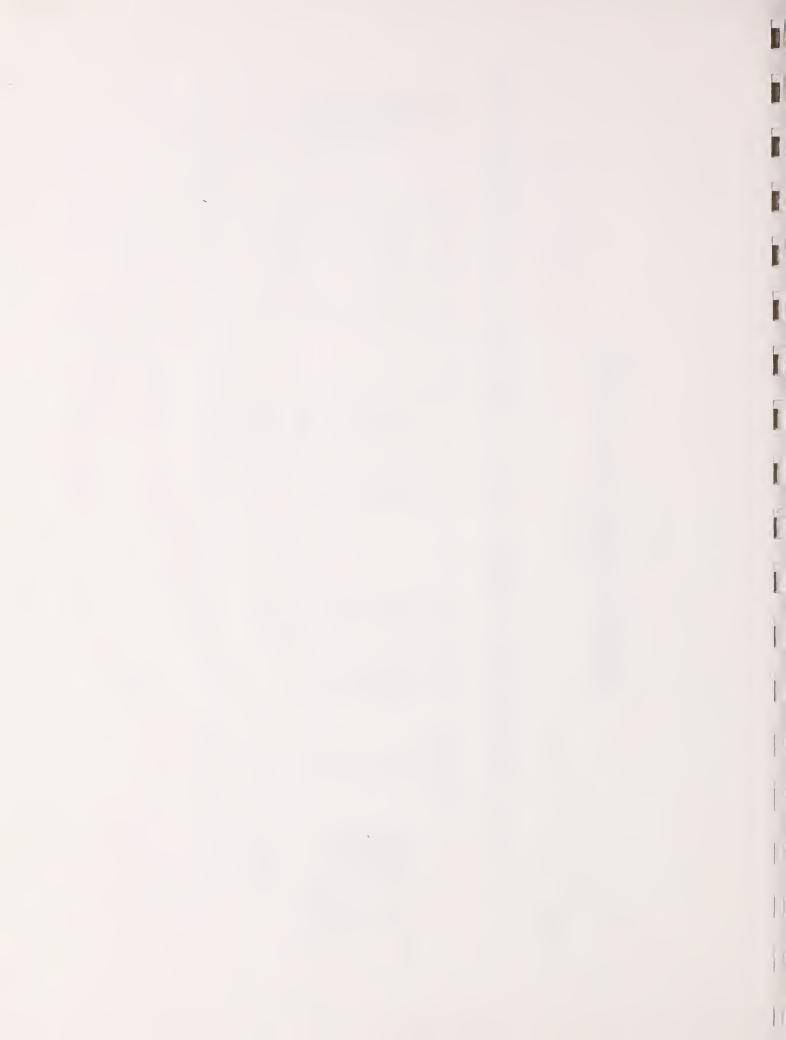


Table 2-3

Asking Price of Single Family Homes Gainesville Multiple Listing Service 1975-1976

February, 1975	% 11.1 12.1 12.9 12.9 12.0 12.0 12.0	
Febr	# 8 4 8 4 4 4 4 8   # 8 4 8 6 1 6 7	341
1975	13.6 13.5 10.7 11.2 31.6	
May, 1975	30 33 34 61 42 124	392
, 1975	8 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
October, 1975	# # # # # # # # # # # # # # # # # # #	397
ry, 1976	6.8 11.2 14.3 32.4 11.1 11.1	
February, 19	# Homes 30 73 54 63 30 49 143	442
	Under \$25,000 25-29,900 30-34,900 35-39,900 40-44,900 45-49,900 \$50,000 +	TOTAL



In addition, MLS portrays the selling activity of the northwest more than any other area. Of the approximately 400 homes listed by MLS:

Northwest area homes = 65% Southwest = 15 Northeast = 11 Southeast = 9

Over half of the homes carried in the listings were three-bedroom units.

#### Table 2-4

# Single-Family Homes for Sale, by Bedroom Size MLS, February, 1976

1-bedroom	0.2%
2	4.1
3	64.2
4	28.5
5	1.8
6	0.9
7	0.2

## Advertised Homes

Homes selling in the \$20,000-range are more often sold directly by owners via newspaper advertising. This is the only published source available to potential buyers seeking a lower priced home.

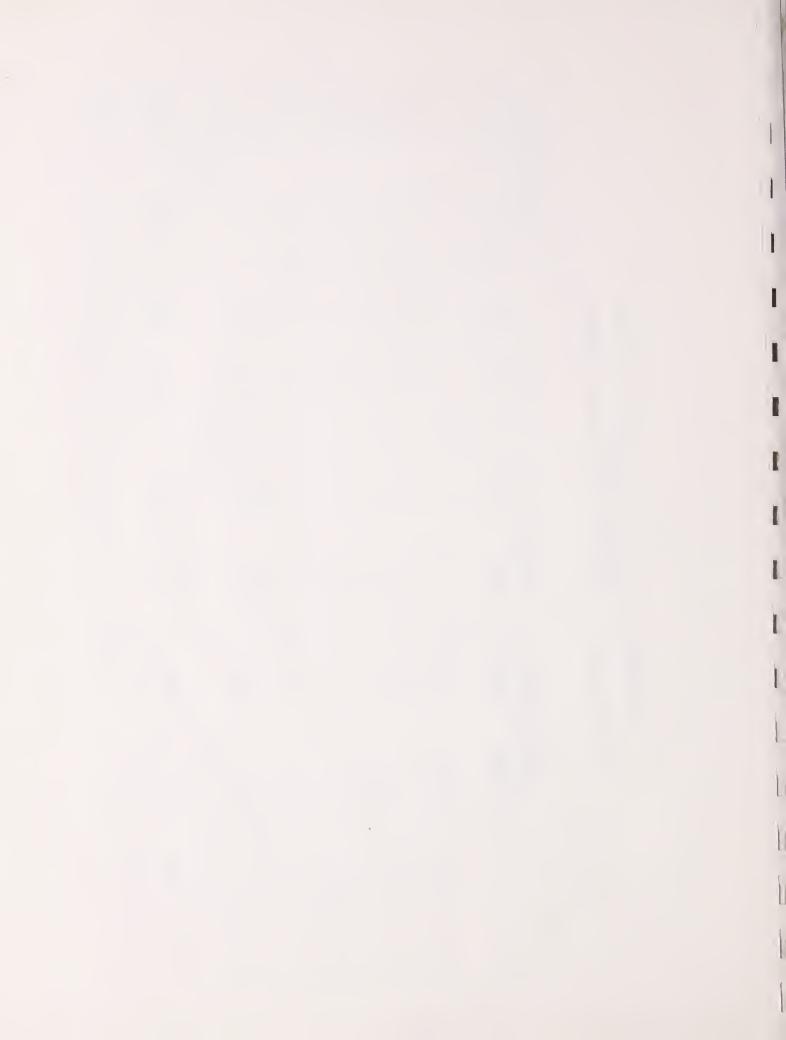
To illustrate the different range of housing prices from different sources, homes-for-sale advertisements in the Sunday Gainesville <u>Sun</u> were scanned. Table 2-5 compares the price ranges of all single-family homes carried by MLS and by the <u>Sun</u> on comparable dates. At least 30 percent of the advertised homes sell for under \$30,000. MLS averages fewer units in that category.



Table 2-5

Percentage of Single-Family Homes for Sale, by Sales Price
Multiple Listing Service vs. Gainesville Sun Ads

	Februar	February 1976	October	r 1975	May 1	1975	February	1975
	MLS	Ads	MLS	Ads	MLS	Ads	MLS	Ads
Under \$25,000	%8.9	13.1%	% ~! %	13.7%	7.6%	13.9%	1. 1.	12.1%
25 - 29,900	16.5	19.1	15.6	17.9	13.5	16.7	12.9	16.1
30 - 34,900	12.2	9.5	10.8	12.0	8.7	12.5	7.6	12.1
35 - 39,900	14.3	11.3	12.3	12.0	15.6	16.0	14.4	23.4
40 - 44,900	8.9	8.3	8.6	7.7	10.7	0.6	12.0	4.8
45 - 49,900	11.1	9.5	11.8	10.2	12.2	10.4	14.4	12.1
+ 000'09\$	32.4	29.2	31.5	26.5	31.6	21.5	25.5	19.4
(Number homes)	(442)	(168)	(397)	(117)	(392)	(144)	(341)	(124)



Another tally was made, using four consecutive Sunday Sun editions in May, 1976. Repeat ads were eliminated and realtor-advertised homes were included in this tally. A total of 404 urban area 3, 4 and 5-bedroom homes were advertised, their asking-price range outlined in Table 2-6. Compared to the Multiple Listings, more homes (24 percent) appear here in the \$30,000-and-under range, and fewer in the \$50,000-and-above.

Table 2-7 breaks down the number of 3-bedroom single-family homes advertised during the month of May. The majority for sale are in the northwest quadrant. About one-fourth are located in the northeast. A few are for sale in the southwest, and only six in the southeast. Over 40 percent of the northwest homes are in the \$30-39,999 range. Another third are asking in the 40,000's.

The scarcity of moderately-priced units available on the market is evident.

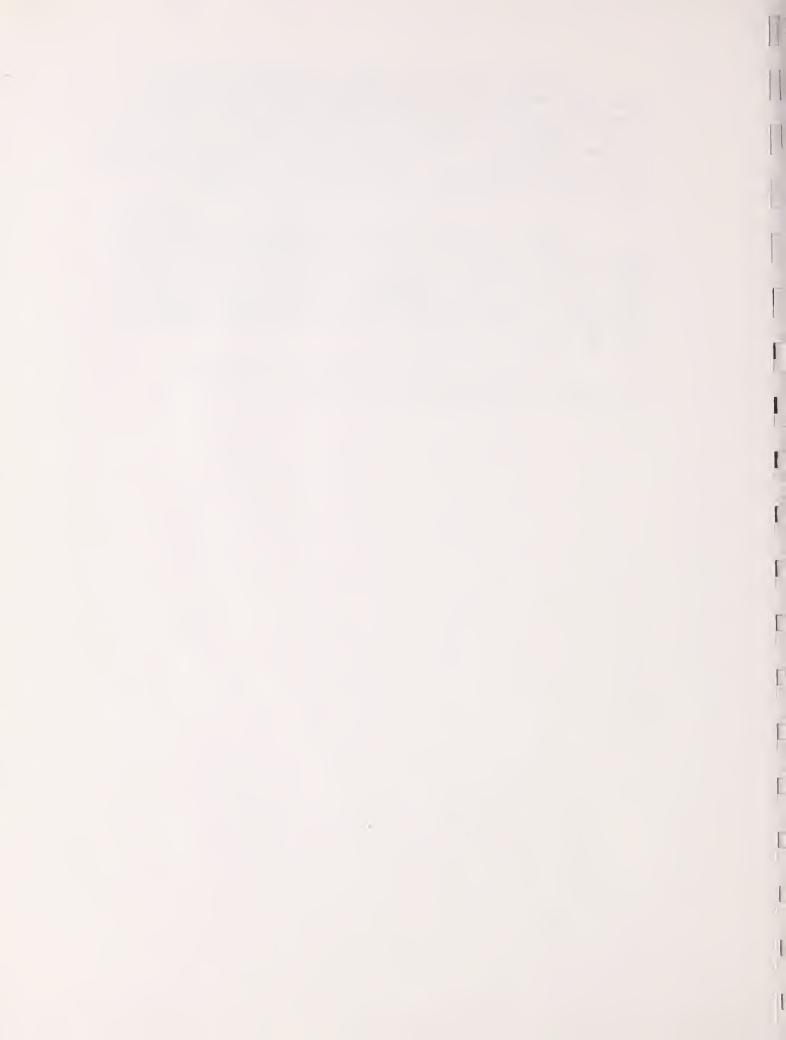


Table 2-6

# Single-Family Homes for Sale, by Asking Price Gainesville Sun Advertisements May, 1976

Price Range (\$1,000's)	3-Bed # Homes	room %	4 & 5-Bed # Homes	droom g
Under \$25 25 - 299 30 - 349 35 - 399 40 - 449 45 - 499 50 + over	10 56 40 64 51 31 31 283	3.5% 19.8 14.1 22.6 18.0 11.0 11.0	0 1 7 5 8 23 77 121	- % 0.8 5.8 4.1 6.6 19.0 63.6 100.0%
				404

Table 2-7

Number of Advertised 3-Bedroom

Single-Family Homes for Sale,

by Asking Price, by Quadrant,

Gainesville Urban Area

May, 1976

Price Range (\$1,000's)	N.W.	N.E.	S.E.	S.W.
Under 25	1	6	2	1
25 <b>-</b> 29 <sup>9</sup>	21	28	4	3
30 - 349	32	8	0	0
35 - 39 <sup>9</sup>	59	3	0	2
$40 - 44^{9}$	45	2	0	4
45 - 49 <sup>9</sup>	27	0	0	4
50 + over	23	4	0	4
Total	208	51	6	18
				[283]

Source: Gainesville Sun, May 2, 9, 16, 23. (Only four 5-bedroom homes advertised. Five 2-bedroom homes found, but not tallied.)



## Condominiums

Multi-family units for sale are a small portion of the housing stock in the Urban Area. In the past five years, seven projects have been built in the southwest and northwest (See Map 1-1). They vary in types of units for sale, design and price (Table 2-7A).

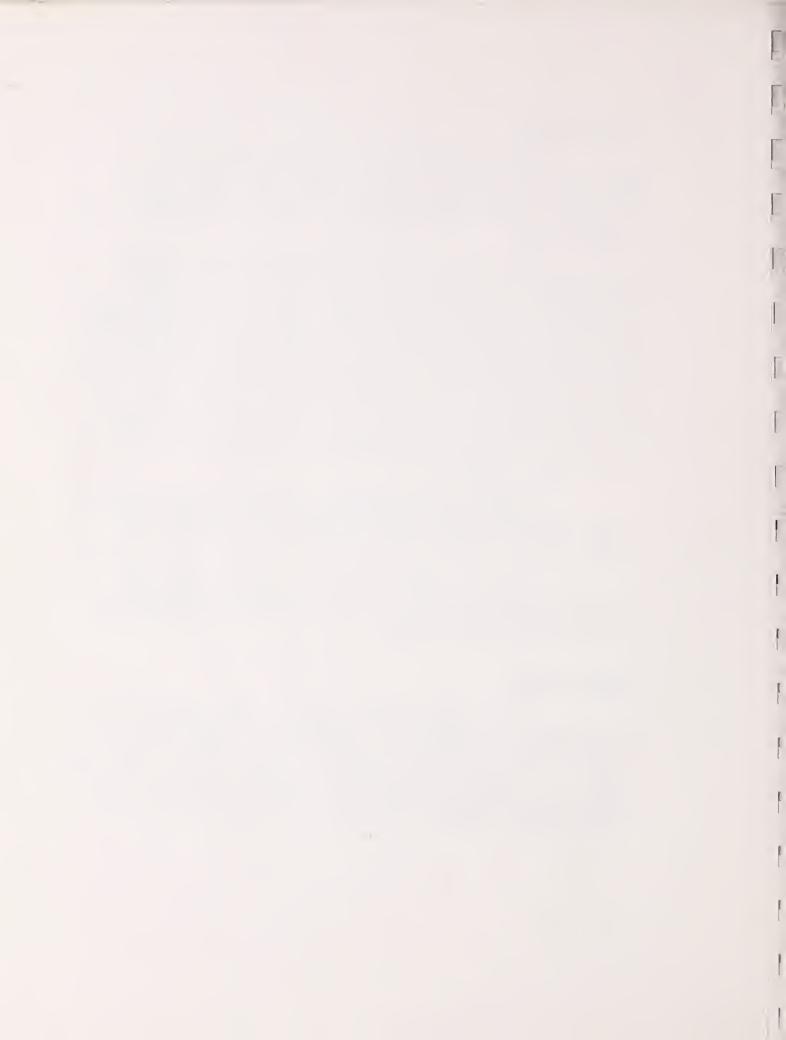
Some projects have sold better than others. Bivens Lake South sold all its units within 14 months. Bivens North has been a success, its low-rise lake-view units selling in two years. Most of the Concordia units were sold during construction. Bellamy Forge and Sparrow have had slow sales. Bellamy suffered from a weak marketing effort and very slow delivery of finished units to buyers. Sparrow was beset with the same problems, as well as inferior design and poor location. Lately, however, its sales have increased. Gaineswood, the first high-rise condominium to appear in the City, met with limited buyer acceptance, although all but five units have now been sold.

Forest of the Unicorn, a well-designed planned unit development, has completed 65 units out of 900. It offers single-family homes, attached townhouses and duplex units, as well as extensive recreation facilities.

Units are small and most projects are not oriented towards families with children. Hence, most of the buyers have been either young adults (single or married) or older couples.

# Mobile Homes

Nearly ten million people in the United States are passing up conventional housing in order to buy a mobile home, with Florida attracting a large percentage. Despite high financing charges, the mobile unit costs half that of an average single-family home. In the Gainesville Urban Area, costs are below the national average, with installation usually included in the price of the home (Table 2-8).



Condominium Projects, Gainesville Urban Area

TABLE 2-1A

Project	Type Unit	Sizes (bedróoms)	Sq. Ft.	Current Sales Prices (\$1,000)	# Units	Year
Bellamy Forge Cluster Homes*	townhouses	2-3	1000-	26-37	186	1973
Bivens Lake Estates North	low-rise garden apts	1-2-3	1100- 1780	30-50	48	1971
Bivens Lake Estates South	walk-up garden apts	1-2-3	800- 1380	27-40	06	1974
Concordia Condomin- iums	garden apts	2-3	1300	36 (3-bdr)	34	1972
Cumberland Circle (preliminary approval)	townhouses duplexes single-family attached	2-3	1300- 2200	40-70	8 2	1976-77
Forest of the Unicorn*	townhouses duplexes single-family detached	2-3-4	1300 1500 2000	31-38 30-40 50-60	900 (63 compl	900 (63 completed).
Gaineswood	mid-rise (6-story) apts	2-3	1600-	39-48	7.0	1971
Sparrow Condomin- iums*	garden apts	1-2-3-4	800- 1700	20-43	158	1973

\*Located outside city limits.

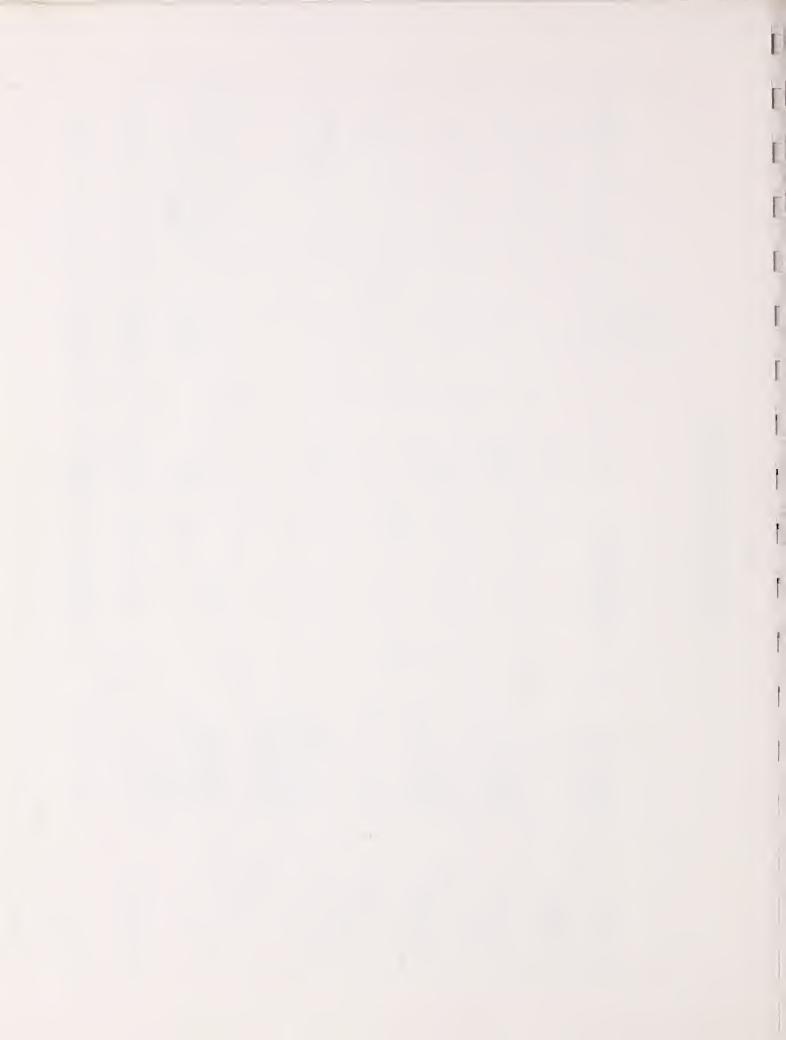


Table 2-8

Estimated Mobile Home Costs

Gainesville Urban Area vs. United States

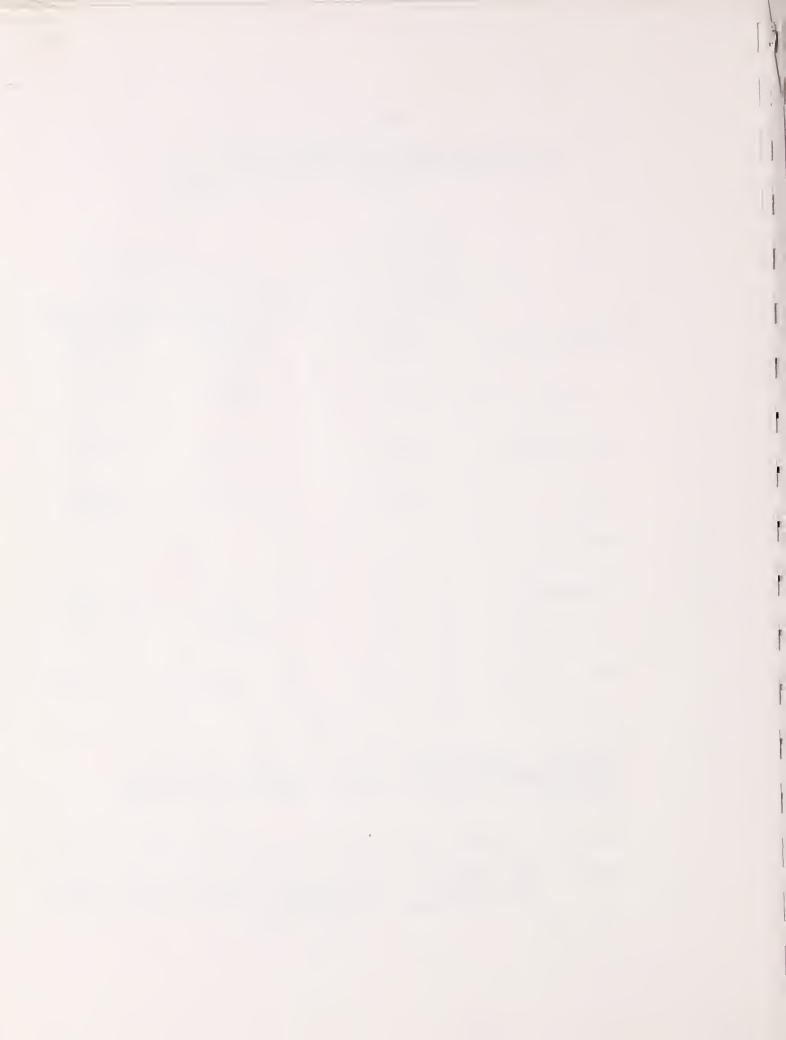
1976

	Gainesville		U.S.
	Single (700 sq.ft.)	Double (1440 sq.ft.)	(1008 sq.ft)
Price: Installation:	\$7,500 <sup>a</sup> incl.	\$16,000 <sup>a</sup> incl.	\$11,750 1,800
Total	7,500	16,000	13,550
Down Payment:	1,125	2,400	1,850
Loan:	6,375	13,600	9,900
Monthly:			
Mortgage	\$ 110	\$ 180	\$ 172
Site Rent	\$ 50	50-60	55
Cost per sq.ft	. \$ 10.42 <sup>b</sup>	\$ 11.42 <sup>b</sup>	\$ 12.50

<sup>&</sup>lt;sup>a</sup>Average. Single-wide range from \$5,500 to \$11,500. Double-wide, \$8,900 to \$20,000, with sq.ft. of 960 to 1752.

bAverage. Single: \$7.64 to \$15.97; double: \$9.27 to \$11.83.

Source: Department of Community Development poll of mobile home dealers. U.S. figures: Sylvia Porter series on mobile homes, Miami Herald, June 8-12, 1976.



A typical, improved 2-acre lot in the urban area outside the city would cost about \$5,000. Mobile home insurance here averages four percent of the purchase price. Nationally, average insurance payments are \$85 to \$150 per year on a \$12,000 mobile home.

Financing costs are high (12½ to 13 percent in the GUA) because financial institutions place mobile homes in the same credit category as automobiles or television sets, rather than long-term home mortgages. FHA rates are now 12 percent, with 12 to 15 years for repayment. VA loans average 12 years (single-wide unit) to 20 years (double-wide, lot included).

Despite these costs, mobile homes have become an important alternative housing style. No longer do units depreciate 50 percent during their first five years. Value has stabilized and, in many cases, has appreciated.<sup>4</sup> The 1970 Census discovered that 85 percent of the mobile homes built 20 years earlier were still in use.

In many states, mobile homes are taxed as personal property, escaping the burden of property taxes. In Florida, mobile homeowners have the option of purchasing a tag for their unit or requesting it be assessed as real property. Only a small portion of the tag cost is collected by the state. The remainder is divided between the city of residence, the local school board and the county. Homes in mobile home parks must be taxed via tag; however, units on owned property may be assessed for property taxes. It is to the owner's advantage to do so if the assessed value of the home and lot approaches the \$5,000 homestead exemption. If the assessment is below the exemption, no taxes are paid.

<sup>&</sup>lt;sup>4</sup>Porter, Miami <u>Herald</u>, June 9, 1976.

Alachua County Tax Collector's Office.



# The Rental Market

Rents are high in the Gainesville area, higher than those in other north Florida cities. Since the University of Florida provides only 30 percent of its students with on-campus housing, the market must absorb the remainder.

Demand for more rental apartment units exits, yet very few are being built. Apartment vacancy rates have been 3.5 percent in 1975 and 2.1 in 1974.

# Apartment Units

The University Off-Campus Housing Office compiles rental data each year, covering apartments, single-family homes, duplexes, triplexes and quadraplex units. Over 90 percent of 9,092 units surveyed by that office are in large apartment complexes located within the Gainesville city limits.

Table 2-9

# Average Apartments Rents Gainesville Urban Area February, 1976

	Unfurnished	Furnished
1-BR	\$167	\$209
2 BR/1 bath	201	216
$2-BR/1\frac{1}{2}-2$ bath	240	271
3-BR	301	355
4-BR	355	-



Apartment units in older duplexes, triplexes and converted single-family homes rent for less. Average unfurnished rents are now:

1-BR	\$145-160
2-BR	185-220
3-BR	290-310

## Rental Homes

Another important rental market in the Gainesville Urban Area is in single-family homes. Many are listed with the Off-Campus Housing Office, some are handled by local realtors, and others are rented by owners referred to tenants by word-of-mouth. A limited number are advertised in the newspaper.

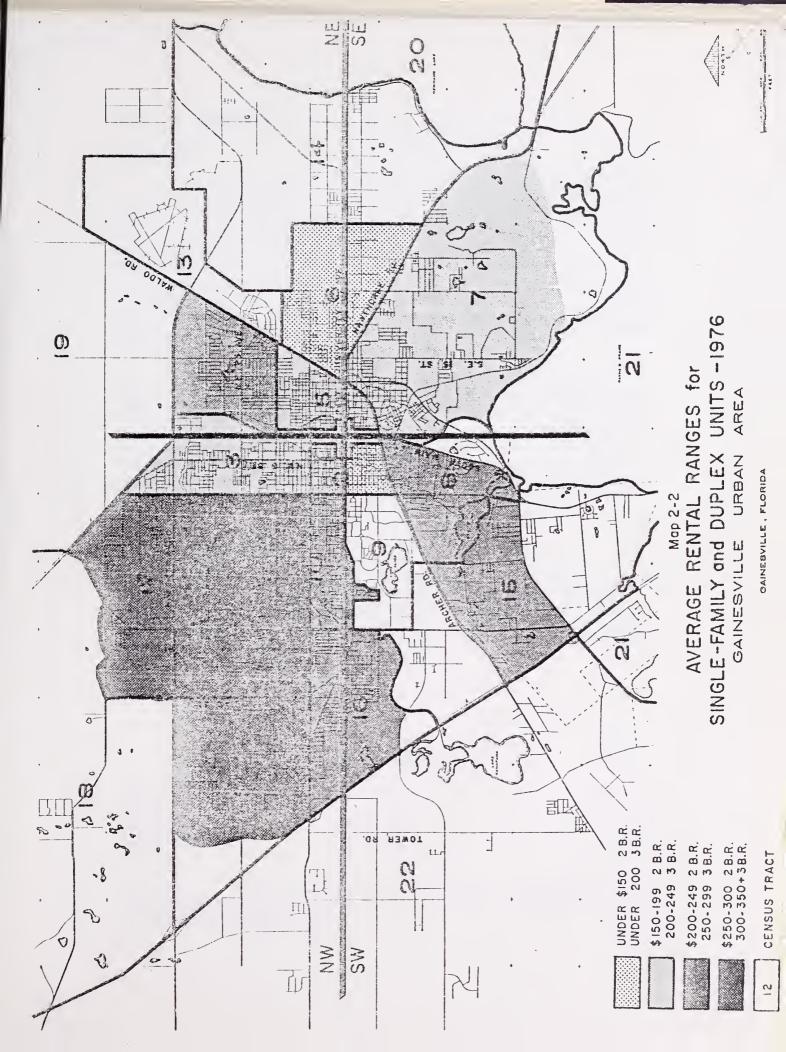
Map 2-2 summarizes average non-apartment rentals in the GUA by census tract. Sources used included Off-Campus Housing's Fall 1975 listing (90 percent of which are single-family dwellings), updated by the Department of Community Development telephone calls to property owners. In addition, the city's Housing Division supplied 1976 market rents gleaned from a recent survey prior to initiating a HUD-Section 8 rental assistance program. Realtors helped with additional rental ranges in various sectors of the urban area.

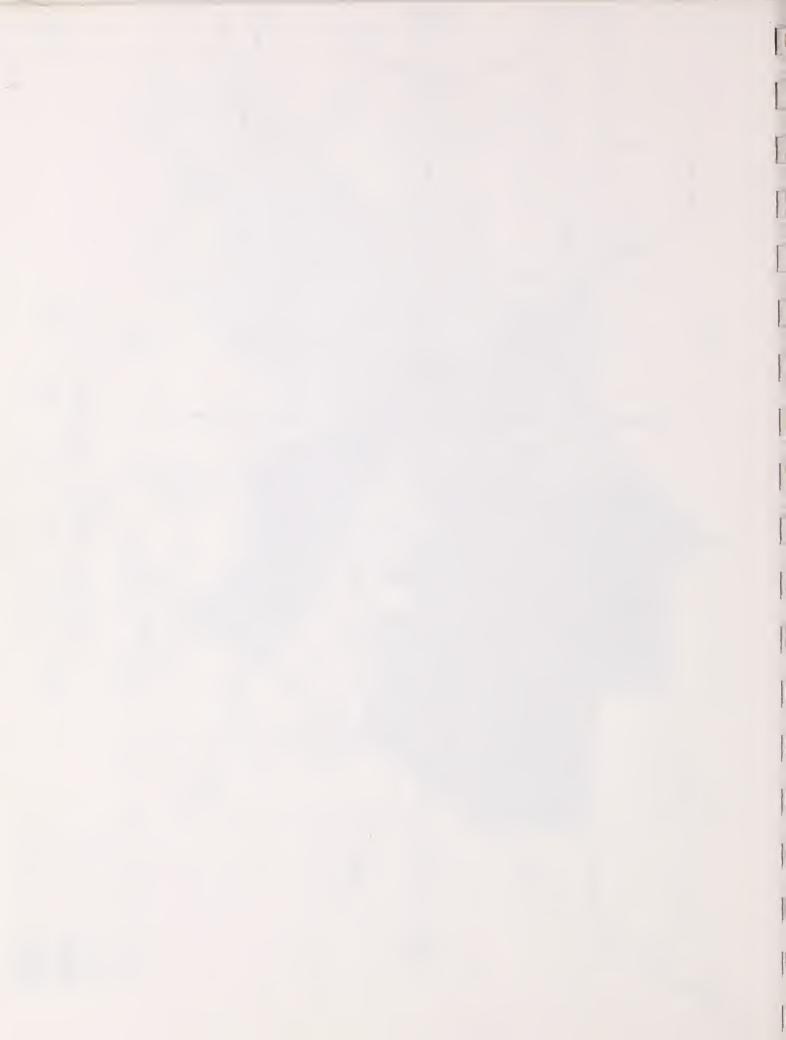
Older housing, along East University Avenue (tract 6) and east of campus (south half, tract 2), draw the lowest rents. Homes in the southeast quadrant and the area north of the center of the city rent for \$150 to 250, a moderate, middle-income range. Rentals in the northwest and southwest, with newer units, closer to the University campus, command higher rents.

It is difficult to generalize average rents for these single-family unit rentals; however, a family would be hard pressed to find a well-maintained threebedroom house for less than \$250 per month.

In 1970, the census revealed that 42 percent of the rental units in the SMSA (Alachua County) were single family homes. In the City of Gainesville, 34 percent were single-family dwellings. This means one out of every four houses in the city in 1970 was in rental stock.







# Cost of Occupancy

## Land Cost

A major reason contributing to rising housing prices is the cost of land and land preparation. On a national average, land accounts for 25 percent of the cost of a new home; in Florida, approximately 21 percent (see Figure 2-1). Lots within the city limits cost more than those in the county, with proximity to the University campus and downtown playing a role in determining value. Site development costs play another. The percentage caused by the latter vs. that caused by market pressure has not yet been assessed in the urban area.

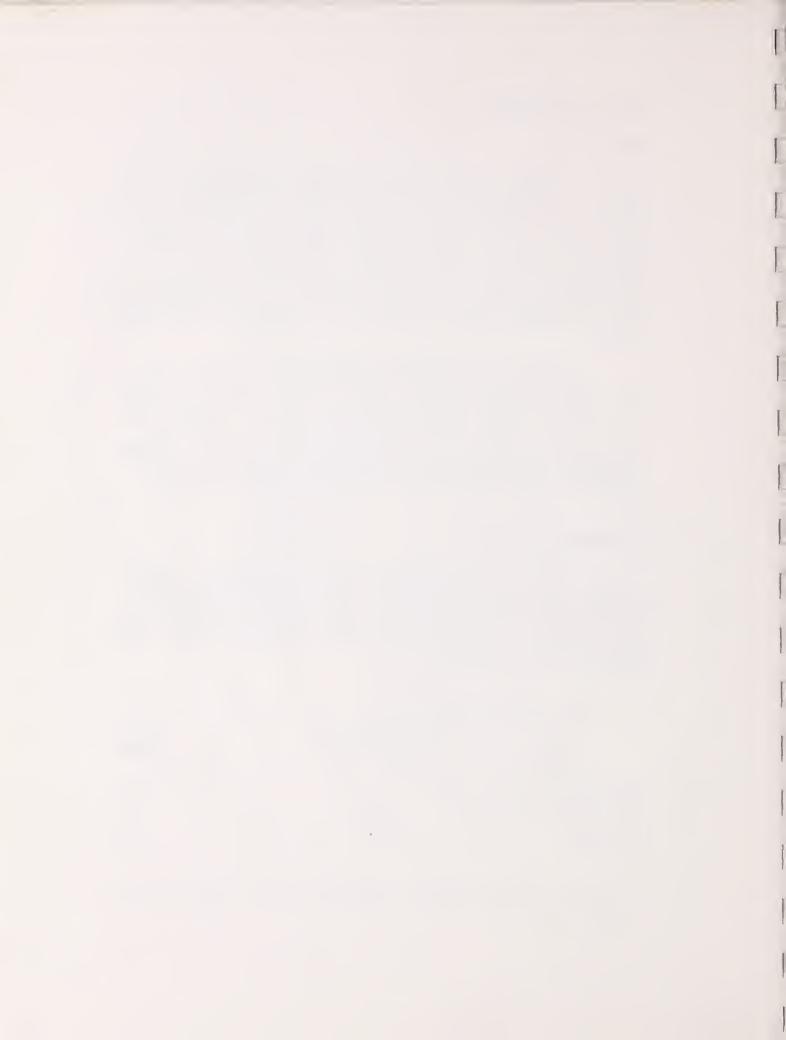
From an investment standpoint, it does not make sense to put a low value home on high value land. For every dollar spent on land, three to four dollars go into the other costs of construction. Hence, high land values result in high home values — — and the exclusion of moderate and low-income families, unless sizeable subsidies are available or other means are found to reduce the land cost component in housing.

# Construction Costs

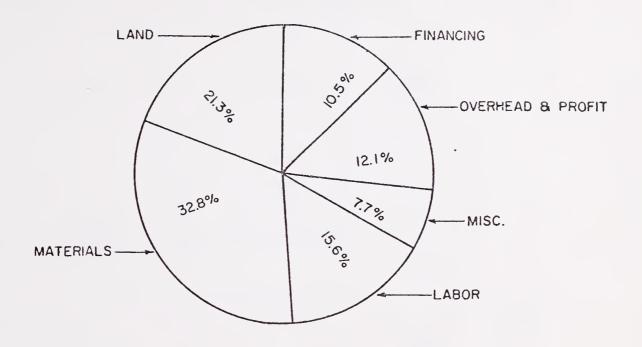
Figure 2-1 demonstrates that labor and materials account for nearly half the cost of building a home. Within the past five years, building materials have been caught in the cost-inflation spiral. Based upon the National Consumer Price Index, materials and labor costs have increased:

	ConstructionMaterials	Labor Costs
1971-72	+ 5. %	+10. %
1972-73	+ 11.7	8. %
1973-74	+ 16.5	5.5
1974-75	+ 6.0	8.5
1975-76	+ -	8.0

National Association of Home Builders, Economic News Notes, February, 1976.



ESTIMATED MAJOR COST ITEMS, TYPICAL SINGLE-FAMILY HOUSE, \$38,800.



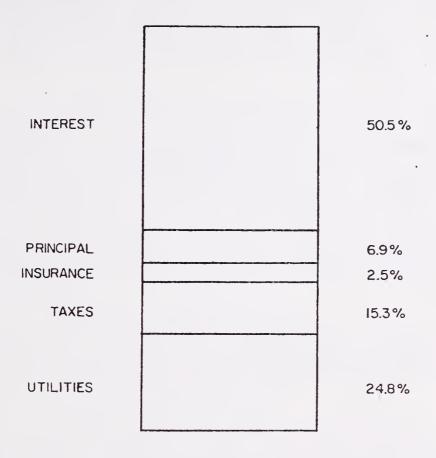
SOURCE: State of Florida, Department of Community Affairs

From 1971 to 1974, prefabricated building materials increased 34.4 percent; hardware, 39.4 percent; plumbing, 34.3 percent; heating equipment, 45.9 percent; ready-mix 39.8 percent; brick 49.7 percent; and steel mill products, 57.7 percent.

Within the Gainesville Urban Area, construction costs were an estimated 10 percent higher in February, 1976 than a year earlier.

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# OCCUPANCY COST-SINGLE-FAMILY DWELLING GAINESVILLE URBAN AREA

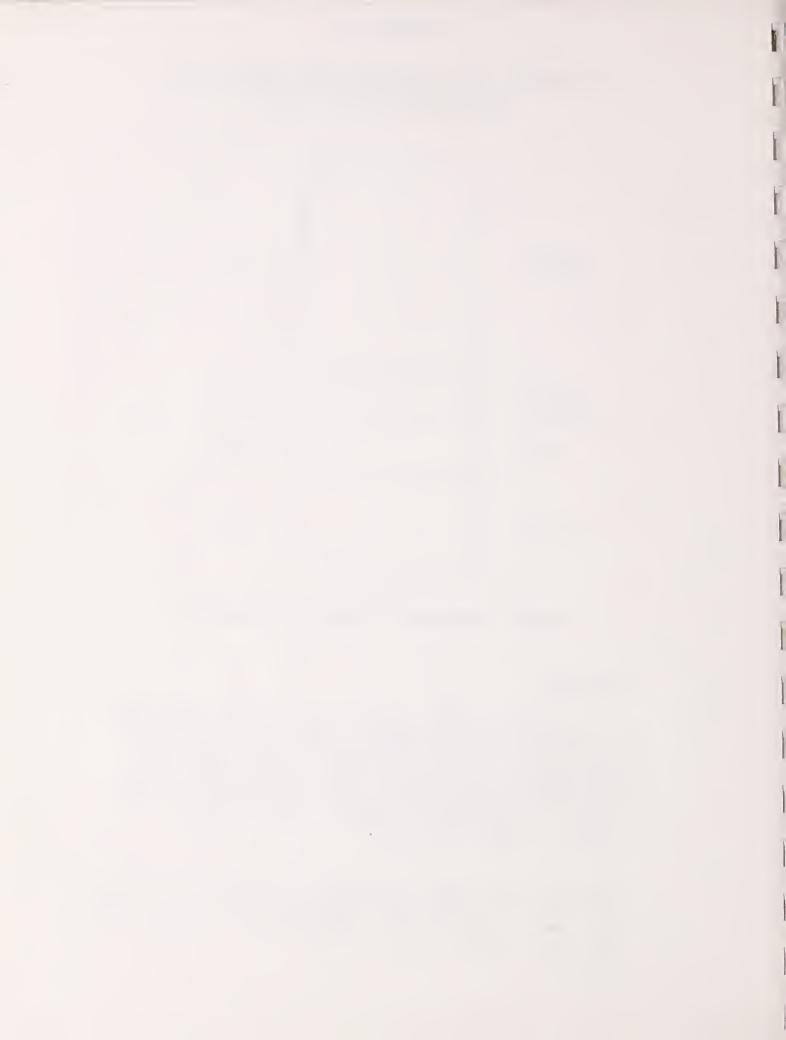


SOURCE: Department of Community Development

# Financing

The price of a home and the cost of that home to the buyer are two separate factors. The price of housing continues to rise in the urban area, partly due to high land and development costs. Even more significant is the rise in the price paid for money. Figure 2-2 illustrates the magnitude of the mortgage payment in the costs of a home: over 57 percent is devoted to debt retirement.

Occupancy cost based upon monthly payment for a \$36,000 resale home (\$28,000 mortgage at 8½ percent) plus \$100 per month for utilities. Maintenance and repair costs were not included, but would average an additional five percent.



Financing costs have accelerated: 148 percent between 1970 and 1974. A congressional study noted that monthly housing expenses had risen 22 percent on median-priced new homes between 1973-74, and 27 percent on existing homes. Reasons given for the increase were (a) higher interest payments and (b) increased utility bills.8

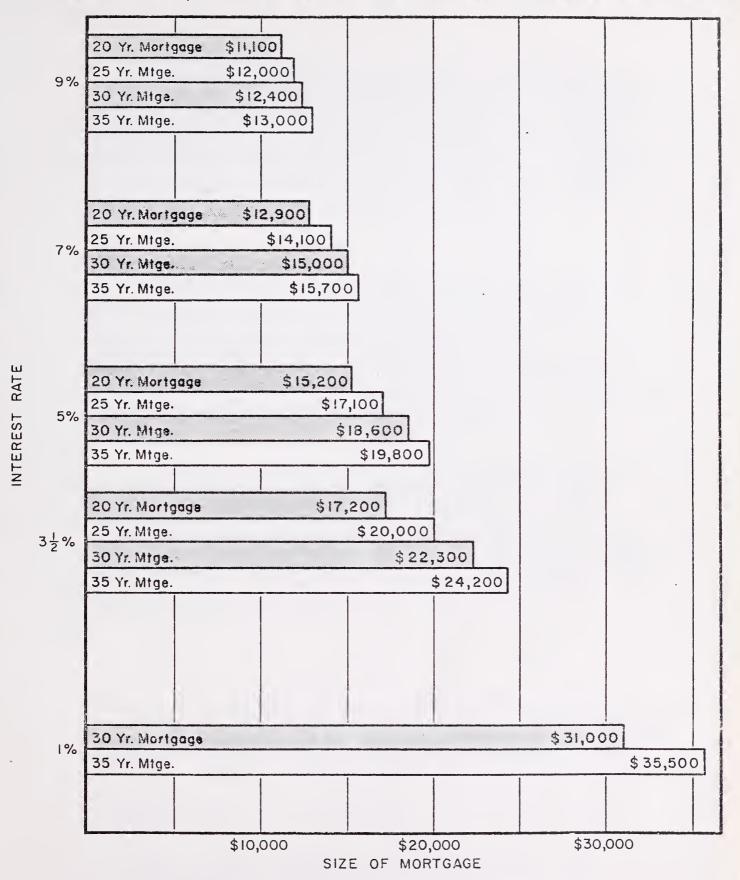
Figure 2-3 illustrates what a \$100 mortgage payment will buy, given different interest rates and mortgage terms. It dramatically demonstrates the effect of changing the rate of interest. (The \$100 payment is now theoretical, with 1976 payments two-to-three times that amount.) At today's interest rates, it would allow a family to purchase a mythical home costing \$12-13,000. However, at a subsidized interest rate of 3½ percent, that same family could afford a \$24,000 mortgage for the same monthly payment. A home in that price range can be found in the Gainesville Urban Area.

Although this example of the high cost of money applies to homebuyers, it has a similar impact on rental units. If developers of rental properties had access to low-cost money, more low-to-moderate-income families could afford new housing.

Today, low-cost money is not available in the private market and difficult to obtain from the Federal Government. Interest rates remain high and 90 or 95 percent financing is no longer plentiful. (Table 2-10 depicts the effective interest rate in the Gainesville area June, 1970-1976.) Urban area financial institutions are currently lending at 8½ percent. According to local lenders, the Gainesville mortgage market is unique in that during periods of plentiful funds, interest rates have been one-half percent higher than rates elsewhere in Florida. Reportedly, this situation is necessary to balance lower-interest loans made when mortgage money was in short supply.



# WHAT A \$100 MONTHLY MORTGAGE PAYMENT BUYS



REGARDLESS OF INTEREST RATE, TOTAL COST OF THE MORTGAGE IS:

20 years: \$24,000

25 years: \$30,000

30 years: \$36,000 35 years: \$42,000

Source: The National Commission on Urban Problems, How the Many Costs of Housing Fit Together, Research Report No. 16, (Washington, D. C., 1969).



Mortgage lenders in the urban area include traditional financial institutions and private mortgage-guaranty companies. The latter will finance 90 percent, but the cost of the loans carry a premium rate. The private companies have greater volume business in FHA and VA-insured loans than do the savings institutions. Builders supply the S & L's with half of their residential lending volume; realtors, the other half. The average life of a mortgage loan in Gainesville is eight years.

# Ability to Buy

Traditionally, urban area lenders have used 2.5 times buyer's annual income to estimate an affordable home. However, increasing costs and higher interest rates nationally have led lending institutions elsewhere to consider 2.0 or 1.8 times income. Locally, conventional mortgages are based upon an assessment of all household expenses and indebtedness, not exceeding 35 percent of gross annual income. In general, however, affordable home price is still based upon 2.5 times after-tax income.

Table 2-10 uses this multiplier to estimate the affordable home for the average household gross income in this area. When the "affordable home" is compared to the median priced new home, one can see why the 'filtering process is clogged. Housing costs have outrun the market of the average Gainesville Urban Area household. The percentage of households whose incomes enable them to buy a house for less than \$30,000 is much greater than the percentgage of houses sold at that level. Il

According to Federal Housing Administration records in Jacksonville, 180 loans had been insured in the Gainesville Urban Area in 1975, when the interest rate stood at 8-3/4 percent. By April 1976, 63 loans were insured, at 8½ percent. (Multi-family projects are insured at 9 percent.)

<sup>10</sup>Fifty percent of all households, since median income
is \$12,000.

<sup>11</sup> Twenty percent listed with MLS, 24 percent of the advertisements in the Gainesville Sun.



TABLE 2-10

TRENDS IN AVERAGE HOUSEHOLD INCOME AND MEDIAN SALES PRICE OF NEW HOMES, GAINESVILLE URBAN AREA, 1970-1975

Year	Average Household Income	Interesto	Income/Cost Rule <sup>d</sup>	Affordable Home	Median Priced New Home
1970	\$ 8,329a	% % %	2.5 X income	\$20,822	\$23,600
1971	9,104	7-3/48	Ξ	22,760	25,400
1972	6,879	7-3/48	E	24,698	28,000
1973	10,654	7%%	Ε	26,635	32,900
1974	11,429	87%	Ξ	28,573	35,800
1975	12,200b	83.8	Ξ	30,500	38,500

al970 Census.

bR. L. Polk and Company, Profiles of Change, Gainesville, Florida, 1974-75. (Years between 1970-75 were averaged.)

CAverage effective interest rate for June. Has been up to 8-3/4% during the year.

d Local mortgage lenders continue to use 2.5 X income.

e Gainesville Home Builders Association.



# Comparing Salaries to Home Prices

To illustrate how potential homebuyers are unable to afford rising housing prices, Tables 2-11 and 2-12 list average annual gross salaries for city employees and for Alachua County teachers. Their affordable home is 2.5 times income. Their affordable rent, 25 percent of monthly gross income. What is "affordable" falls well below the average \$36,000 house price or average monthly house payment of \$277 to 299 (principal, interest, taxes).

TABLE, 2-11

ABILITY TO COMPICED HOURING, 1976

HMO

	Average Anmal	Afferdable Home (2,5,	Monthly drown throwns	Rept (At 25% Mentbly Income)
Ped lins Liberil eneml	416,100	\$40,200	11, 14,	\$ 1.15
Perties Bergeant	13,000	14,500	1,1,0	200
Perk Leman	11,500	20,000	9.66	7.4.1
Draft sman	000 ' 6	005,72	7.50	1.11.7
Administrative Pleas	007.6	2.1,000	70.00	26.1
Berrantten Buparytan	9,700	24,240	11011	7.07
Waster Conferd Indivisi	П, 100	20,7.0	F 16 9	1.7.1
Waste Control Pullanton	7,7117	19,460	0.4.5	1.6.2
Traffle Malnienands Technielen	11,100	20,240	0.7%	0.91
Library Applipant	7,400	10,700	1, 3	37
Pertinal Dat Maintenance	6,1100	17,000	4,600	141
11 / 101 / 101	7, 15, 13,	10,700	6. 7.	1.50
Beer ret far 7 1	000,000	000,71	200	57.1



TABLE 2-12

ABILITY TO OWN/RENT HOUSING ALACHUA COUNTY SCHOOL BOARD EMPLOYEES, 1976

Own

Rent

		Affordable	Monthly	
	Annual	Home (2.5	Gross	Rent (at 25%
	Gross Income	X Income)	Income 9	Monthly Income)
0	900	טט ענ	0	1
	0710	0010	0	_
Step 10 <sup>D</sup>	0,20	5,51	N	$\vdash$
	0,69	6,73	9	$\sim$
Step 15d	11,988	29,970	666	250
	3,28	3,21	0	/
ų.				
Support Services 1				
Officer, Property &				
Safety	12,960	32,400	1,080	270
Officer, Custodial				
Services	,04	5,11	$^{\circ}$	0
Manager, Transportation	88	4,70	$\sim$	0
Jr. Accountant I	,74	1,87	$\sim$	$\infty$
Painter I	,77	9,44	4	9
Custodian I	,45	8,63	$\sim$	2
Custodian II	6,642	16,605	553	138
Stockroom Clerk	,80	7,01	9	4
Senior Warehouseman	,48	6,20	4	$\sim$
Secretary I	,64	09'9	$\mathcal{O}$	$\sim$
Secretary II	,31	5,79	$\sim$	$\sim$



# Footnotes to Table 2-12

Teachers' gross salaries, less supplements.

al-year experience.

b<sub>3-years experience, Alachua County.</sub>

c3-years experience, Alachua County/7, Florida.

d3-years experience, Alachua County/10, Florida.

e3-years experience, Alachua County/15, Florida.

fpay-grade for 3-years experience, at Skill Level IV.

Source: School Board of Alachua County, Salary Schedule, 1975-1976.



## Households Out of the Market

Contrary to past trends, most older housing no longer depreciates in value over time— it appreciates. Lower-value homes were an entry into the market for families unable to afford new, traditional housing units. Now, through appreciation and rehabilitation, lower-value homes are transformed into higher-value units. The market itself is effectively removing housing from the reach of middle-and lower-income households.

This market study has discussed housing demand in economic terms. "Housing demand" refers to competition for housing at all price levels. "Housing need" is a social as well as economic term, referring to households having difficulty participating in the local shelter market. Households unable to purchase or rent housing at market rates are considered to be in need. They are increasingly excluded from a market that forces them to pay a higher proportion of their paycheck for a place to live. It is not uncommon to find low-income families and the elderly paying more than 40 percent of their income for housing.

The city's 1976 Housing Assistance Plan found over 20 percent of its households in need of housing assistance. Of these, nearly three-fourths were renter households. Over 23 percent were elderly, and 40 percent were black. Of the total households-in-need, more than half were headed by a female.

High rents and home prices are creating a "new poor," middle-income wage earners (teachers, school employees, firemen, nurses, social workers, office workers) who do not have a large enough annual income to buy a home costing \$30,000 or more. Many of the lower-income people are undoubtedly single person households, divorcees and retirees with supplemental income and families who own their home free and clear of mortgages or other debts. If the shelter-buying power of such urban area households continues to decline, consequences will seriously affect retailing, the service sector, and all the urban area economy.



### CHAPTER THREE

### HOUSING DEMAND PROJECTIONS '

### Future Housing Demand

In estimating the future demand for housing, both the magnitude and character of population and household growth must be assessed. Household growth is the more important factor since households are the consumers of housing resources. Hence, the trend toward smaller households can result in a sustained high demand for housing despite a decrease in the absolute rate of population growth. The Urban Area is expected to follow this trend as a mobile population enters its market. Family households with fewer children, more childless couples, retirees and employed single persons are expected to contribute to the growth of the Urban Area.

### Interpreting the Projections

The housing projections outlined in this section employed a technique developed by the Federal Housing Administration of the U. S. Department of Housing and Urban Development, outlined in their handbook, Urban Housing Market Analysis (1969).

Departures from the handbook methodology occur where the data is inadequate to complete calculations in sufficient detail. For example, Gainesville Urban Area rental unit distribution by household size, was not available.

It should be noted that the FHA market analysis recommends projections limited to a 3-5 year period. Its projections become more abstract when applied to a 10-year time span. Therefore, the housing projection is divided into two periods: 1975-1980 and 1980-1985.

The following projections are largely abstractions. Specific numbers of required housing units in each projection period should not be taken as absolutes. Nevertheless, the figures can be useful as indicators and bases of comparison for policy and investment decisions.



Projected figures assume that much of the present economic, social and political environment will not vary greatly in the future. Trends must be interpreted in light of economic, social and political events during the projection period.

For example, property tax credits granted to moderate-income home buyers may increase ability to buy housing, hence alter the number and proportion of homeowner units to be built during the projection period. A ceiling on mortgage loan interest rates, making mortgages less attractive to lenders, may have the opposite effect.

In addition, projections were based upon 1975-early 1976 data and interpretation of trends at that time. Any deficiencies in these assumptions should lead the reader to re-interpret the results.

### Population projections

Two population projections are used in this market analysis. One, a low projection, was developed by the Gainesville Department of Community Development in 1973, using the linear least-squares method. Such a projection extends the trend line from known points (previous population growth). It assumes that the same rate of growth will occur between each census period.

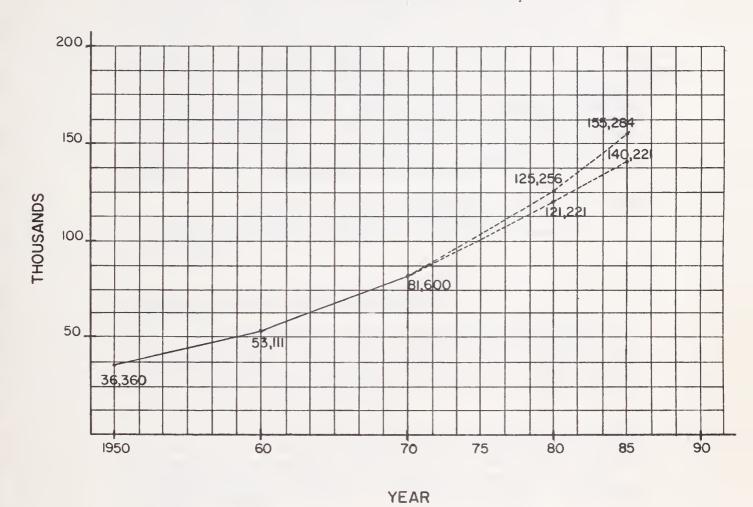
The second projection, a higher number, was developed by the Department of Community Development, using a mathematical method based upon the geometic curve and taking into consideration the continuous compounding growth rate. It is a methodoloby used by the U.S. Bureau of the Census for intercensal periods. It differs from the linear projection by accommodating the compounding of population growth each decade.

### State of the Economy

Both the growth of the north-central Florida economy and inflation will affect the demand for housing. In addition to the relationship between the economy and population growth, the Urban Area's economy will determine employment, household income, market ability to build housing and household ability to buy or rent housing units.



### POPULATION GROWTH GAINESVILLE URBAN AREA 1950-1985



SOURCES: 1980-85 Gainesville Department of Community Development



The projections are based upon a 6 percent annual increase in family income, based upon the State of Florida, Department of Commerce, "Employment and Payrolls," 1969-74. According to the University of Florida, Bureau of Economic and Business Research, a 6 percent increase projected over time is a reasonable estimate. The U. S. Census Bureau used an annual average increase of 9 percent between 1969-1972 for purposes of revenue sharing. U. S. Department of Commerce County Business Patterns for 1969 through 1974 reported wage increases averaging 5.52 percent per year for Alachua County. The City of Gainesville, Economic Base Update, 1973, estimated 5 percent per year since 1970.

If the user of the projection tables has reason to expect a higher rate of economic growth and income, the levels of demand should be adjusted upwards accordingly.

### Economy's Effect Upon Households

Some housing statistics were unavailable for the Gainesville Urban Area, particularly a 1975 household size. It is assumed that the average household size by 1980 will be 2.83 persons, and by 1985, 2.72 persons per household.

The assumption is made for a slowly declining household size in the Urban Area. Between 1970-1975, the national average household size was diminishing by 0.25 persons per year. Alachua County, in its Housing Element, projects 2.96 persons per household by 1995.

Despite the trend toward smaller households, an adverse economy may deter new household formation. Households are unlikely to buy a home or upgrade their present housing unless they perceive significant improvement in their real income. Homebuyers as well as renters are affected by the combined impact of inflation and recession. As recovery proceeds, new households will seek housing.

<sup>1</sup>However, payroll data excluded government employees, farm workers and domestic service workers.



It is assumed that economic recovery will be slow in the late 1970's, but accelerate in the early 1980's. Hence, the demand for 1980-85 housing units (reflected in Table 3-1) exceeds that of 1975-80.

### A

### Future Housing Production Requirements

A satisfactory level of new housing production by 1985 would meet the following minimum demand factors:

- the need to replace units lost as a result of demolition, fire and other means
- the need to achieve a net increase of units equal to the growth in households; and
- the need for market flexibility for sales and rental housing (vacancy rates) adequate to permit household mobility.

This projected housing demand can be expressed in an equation:

$$D_{y} = H_{y} + V_{y} - (H_{b} + V_{b}) + D_{by}^{1}$$

D = total housing demand

H = households

V = vacant units

D1= inventory loss due to demolition and other factors

b = base year

y = projection year

The equation provides a means for estimating future housing production needed to accommodate household growth and achieve market flexibility. Tables II-A and II-B in the appendix outline housing production requirements for 1980 and 1985.



The housing requirements found in these tables consider only the need for additional units to replace housing which is structurally deficient. Other deficiencies, such as substandard or overcrowded housing, require alleviation. However, they are not caused by the lack of sufficient units, but by the price and/or size of the unit in relation to household income and size. Translating these deficiencies into demand for new construction would inflate the estimate of demand. Other solutions, such as income maintenance or housing subsidy programs, would better mitigate such deficiencies.

Table II-A indicates a need for 1,085-1,380 new housing units on an average annual basis from 1975-1980. Table II-B indicates 1,821-2,672 new units annually from 1980-1985.

The total projected annual demand of 1,453-2,026 units<sup>2</sup> (Table 3-1) exceeds the average annual housing starts noted in Chapter One. If housing starts remain at a level lower than the demand projections indicate, within even a short period of time higher housing prices would result, further restricting shelter alternatives for Gainesville Urban Area residents.

The total 1980 and 1985 annual figures averaged over 10 years.

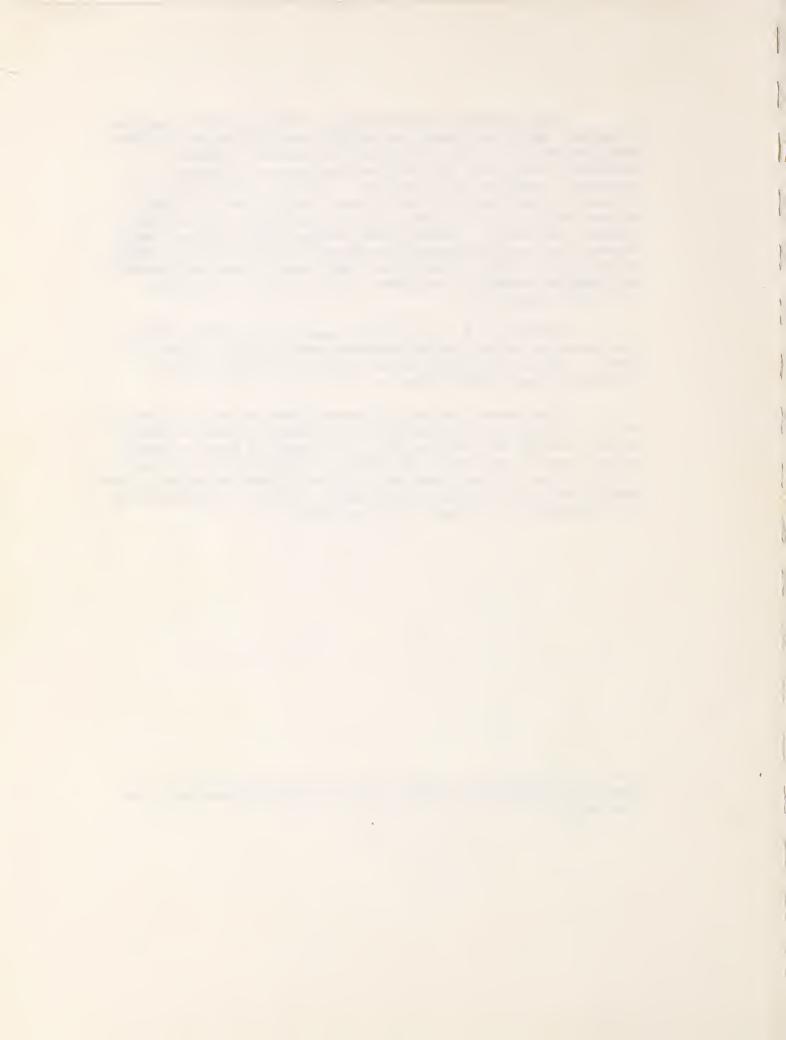


TABLE 3-1

### GAINESVILLE URBAN AREA SUMMARY OF PROJECTIONS

		1975-80	1980-85
1.	Population growth during the projection period:	15,841-19,876	19,000-30,028
2.	Estimated number of new household formations during projection period:	4,982- 6,408	8,541-12,653
3.	Estimated total number of housing units required during projection period:	5,425- 6,903	9,104-13,362
	Annually:	1,085- 1,380	1,821- 2,672
	Annually: (1975-85) <sup>a</sup>	1,453	- 2,026
4.	Total annual effective demander for new sales units:		- 931
	\$30,000 - 40,000 40,000 - 50,000 50,000 - 60,000 60,000 - 70,000 70,000 - 80,000 80,000 +	132 125 118 79	- 149 - 186 - 177 - 168 - 112 - 139
5.	Total annual effective demander for rental units:		- 1,095
	\$150 - 179 180 - 209 210 - 239 240 - 269 270 - 299 300 +	207 265 159 74	- 43 - 286 - 366 - 221 - 100 - 79

<sup>&</sup>lt;sup>a</sup>Annual demand for 10 year period, 1976-1985. Figures are an average of the low projections for 1980 and 1985 and the high projection for the same periods.

The new sales:rental percent of the total is 45%:55% (average over 10 years). In 1975, the City had an owner: renter ratio of 49:51. It is assumed that tenure shift will lean towards rentals, particularly in the 1975-80 period, based upon the growing gap between the high cost of new housing and decline in real income. Home ownership may represent a higher percentage from 1980-1985.



Housing Demand Projection Tables

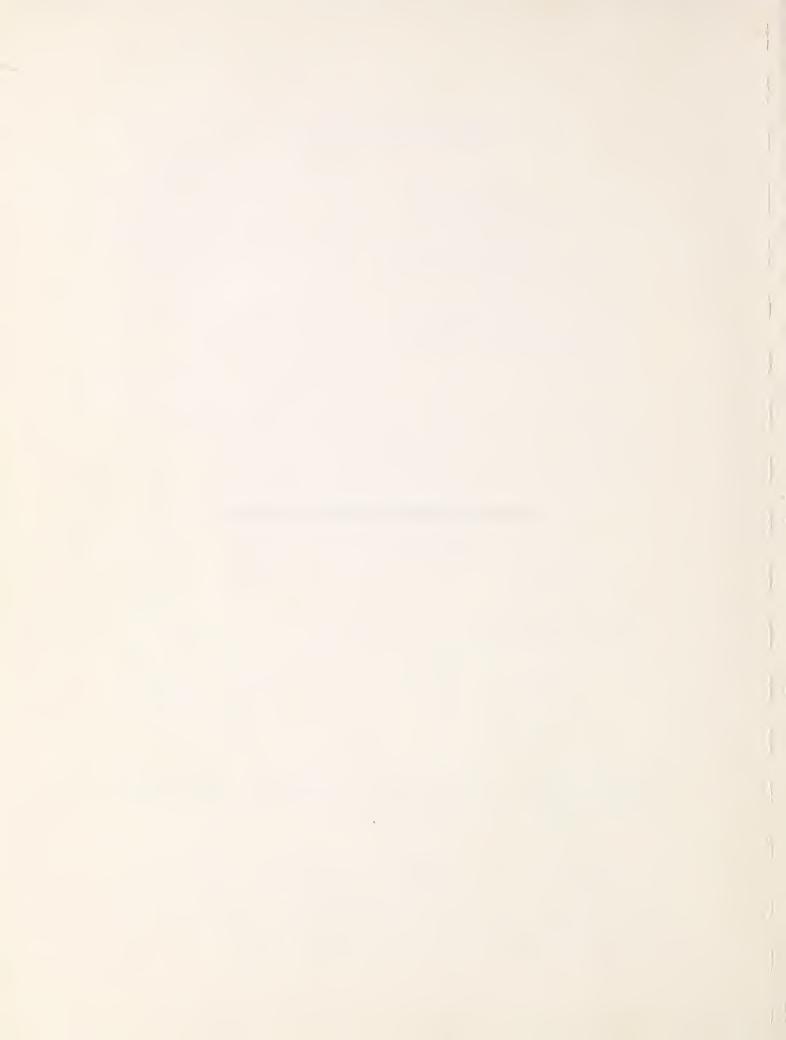


TABLE I

### PROJECTION OF HOUSEHOLD FORMATIONS GAINESVILLE URBAN AREA 1975-1985

		Low	High
	From 1975 to 1980		
1.	Projected total population	121,221	125,256
2.	Projected population in group quarters	9,800	9,800
3.	Projected population in housing units	111,421	115,456
4.	Estimated average population per household	2.83	
5.	Projected number of househould units	39,371	40,797
6.	Estimated number of occupied housing units, 1975	34,389	34,389
7.	Estimated number of new household formations from 1975 to 1980	4,982	6,408
	Annual:	996	1,282
	From 1980 to 1985		
1.	Proposed total population	140,221	155,284
2.	Projected population in group quarters	9,900	9,900
3.	Projected population in housing units	130,321	145,384
4.	Estimated average population per household	2.72	(2.37)
5.	Projected number of household units	47,912	53,450
6.	Estimated number of occupied housing units, 1980	39,371	40,197
7.	Estimated number of new household formations from 1980 to 1985	8,541	12,653
	Annual:	1,708	2,530



### Footnotes to Table I

- Low projection: Department of Community Development, 1973, using least squares method. High projection: Department of Community Development, 1976, using continuous compounding growth rate method.
- <sup>2</sup>Group quarters residents are housed within the city limits (97% in 1970). It is assumed the same would be true in the future. Department of Community Development, Economic Base Update, 1973, projected group quarters to 1980, but the only expected increase will be in planned nursing/convalescent facilities. No new dormitory facilities are planned.
- <sup>3</sup>One minus 2.
- Department of Community Development, Housing in Gainesville, 1973, estimated a 2.86-person household by 1975 in the Urban Area. City household size has been decreasing. (R. L. Polk estimated household size of 2.45 for the city in 1975, a low figure attributable to under-reporting.) According to Polk, most U.S. cities are experiencing household size decreases of .05 persons per year. Using this average, the urban area would have 2.69 and 2.44 persons per household in 1980 and 1985. However, larger figures are assumed, based upon larger family housing units in the urban fringe.

<sup>&</sup>lt;sup>5</sup>Three divided by 4.

Occupied units = estimated urban area housing units less estimated 4% vacancies (35,822 - 1,433).

<sup>/</sup>Five minus 6.



TABLE II-A

### ESTIMATED HOUSING REQUIREMENTS GAINESVILLE URBAN AREA 1975-1980

Renter 2,740-3,524a 2255c 2,965-3,749 148-187	Owner 2,242-2,884a 25c 2,267-2,909	Total 4,982-6,408 250 5,232-6,658	Household Growth  Demolitionsb  A. Required growth and replacement:  S. Vacancies required for additional units:d
3,113-3,936	2,312-2,967	5,425-6,903	A + B: Estimated required units Annual demand:
148-187	45-58	193-245	B. Vacancies required for additional units:
2,965-3,749	2,267-2,909	5,232-6,658	A. Required growth and replacement:
225 <sup>C</sup>	25°	250	Demolitionsb
2,740-3,524ª	2,242-2,884ª	4,982-6,408	Household Growth
Renter	Owner	Total	

City of Gainesville Housing Assistance Plan (HAP), 1976. Increase in rental occupancy due to high cost of single-<sup>a</sup>Owner-renter ratio shift to 45:55. (1976 ratio was 49:51. family dwellings and slow gain in real income.

bDemolitions averaging 50 per year. (City of Gainesville, Housing Inspection Division.) CBased upon owner: renter ratio of substandard housing (1:9). H.A.P., 1976.

dEstimated vacancies, allowing for a homeowner effective vacancy rate of 2.0 percent and a rental vacancy rate of 5.0 percent. Both are considered normal for areas with a 3-to-4 percent growth rate. (HUD, Urban Housing Market Analysis, p. 30.)



# TABLE II-B

## ESTIMATED HOUSING REQUIREMENTS

AREA	
GAINESVILLE URBAN	1980-1985

ΟĘ aAdditional homeownership expected by 1980-85, causing tenure shift (owner:renter ratio 49:51.)

b Demolitions averaging 50 per year.

Cowner: renter ratio of 1:9.

dvacancy rate: 2 percent owner, 5 percent renter.



TABLE III

HOUSEHOLD INCOME AFTER TAXES GAINESVILLE URBAN AREA: 1985

Income After Taxb Taxes	463 6.737	-		16,404	36 19,500	581 22,423	20 25,651	01 29,304	.05 . 36,735	65+ 41,210+
T	4	1,299	2,088	3,065	4,236	5,5	7,420	6,901	16,605	21,465+
Taxable Income	7.200	11,735	11,219	15,219	19,486	23,754	28,821	34,955	49,090	58,425+
Deductions + Exemptions a	1	ı	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250
Projected Income (1985)	7.200	11,735	15,469	19,469	23,736	28,004	33,071	39,205	53,340	62,675
Decile	-	1 2	m	4	Ŋ	9	7	ω	0	9.

a\$2,000 exemption plus \$2,250 deduction (3 person household).

buses 1975 Income Tax Schedule.



TABLE IV

PRICE OF NEW SALES HOUSING GAINESVILLE URBAN AREA, 1985

Estimated Sales Price C	26,919	35,410	42,310	49,213	56,605	62,402	68,375	74,373	87,782	94,371+	
Ratio of Sales Price to Purchasers' Incomeb	2.70	2.61	2.55	2.50	2.46	2.42	2.38	2.35	2.32	2.29	
Estimated Purchasers' Income	9,970	13,567	16,592	19,685	23,010	25,786	28,729	31,648	37,837	41,210+	
Ratio of Purchasers' Income to Income of All Families <sup>a</sup>	1.48	1.30	1.24	1.20	1.18	1.15	1.12	1.08	1.03	1.00	
1985 Income After Taxes	\$ 6,737	10,436	13,381	16,404	19,500	22,423	25,651	29,304	36,735	41,210+	

2

9

 $\infty$ 

9

95

<sup>&</sup>lt;sup>a</sup>National ratio. Technique to adjust all family income upward to reflect projected income distribution of homebuyers. HUD, Urban Housing Market Analysis.

bNational ratio.

Ccolumn 3 X 4



Figure A-1

# of SALES HOUSING DEMAND, 1975-1985

GAINESVILLE URBAN AREA

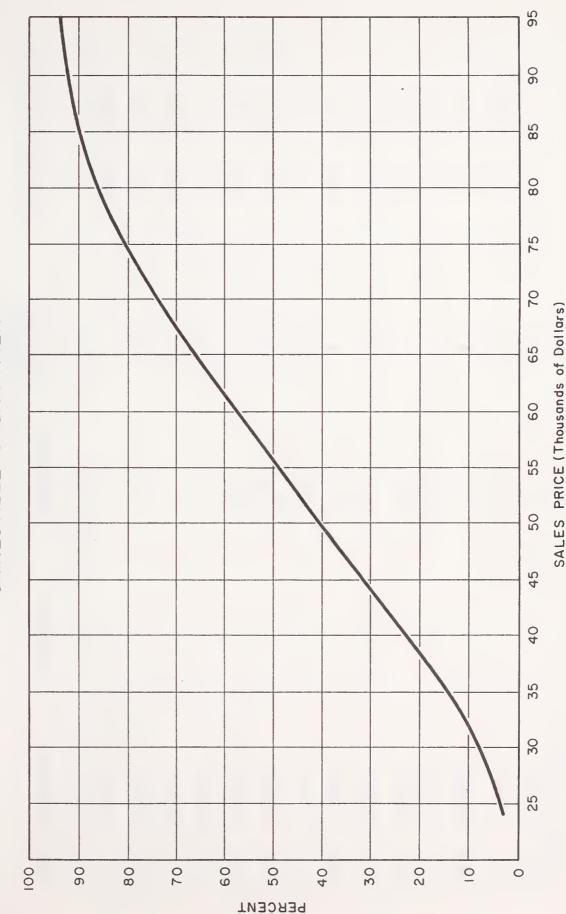




TABLE V

EFFECTIVE DEMAND FOR NEW SALES UNITS
GAINESVILLE URBAN AREA, 1985

Price Categories	% of Purchasers	Cumulative	% Above Minimum Price a	Absolute Distribution Annual Demand
- \$25,000	o/o	o⁄o		
\$25 - 29,999	Ŋ	œ		Low - High
\$30 - 34,999	9	14	%	40 - 56
\$35 - 39,999	0	23	10	66 - 93
\$40 - 44,999	O	32	10	66 - 93
\$45 - 49,999	0	41	10	66 – 93
\$50 - 54,999	∞	94	σ	59 – 84
\$55 - 59,999	თ	58	10	66 - 93
\$60 - 64,999	∞	99	Q	59 - 84
666'69 - 59\$	∞	74	o	59 - 84
\$70 - 74,999	7	81	7	46 - 65 ·
\$75 - 79,999	Ŋ	98	ľ	33 – 47
\$80 - 84,999	4	06	4	27 – 37
\$85 - 89,999	2	92	11	73 - 102
\$90 - 94,999	2	94	ı	ı
\$95,000 or more	9	100	1	- 1
	100%		100%	660 - 931

<sup>&</sup>lt;sup>a</sup>Minimum new sales price: \$30,000 (lowest price at which housing industry can now provide new homeing in the Hrban Area)



TABLE VI

## RENTER HOUSEHOLD INCOME AFTER TAXES GAINESVILLE URBAN AREA, 1985

Income After Taxes	\$ 1,870 6,296 8,052 9,580 11,538 13,795 16,405 19,308 23,966	2,391 5,694 7,576 10,704 16,584 20,310
Taxc	1,090 1,532 2,205 4,162 6,434	1,224 2,096 3,686 5,293
Taxable Income	\$ 1,870 6,670 8,800 10,670 13,070 11,750 15,220 19,220 26,150 33,090	\$ 2,400 6,400 8,800 10,050 17,520 22,853
Deductions + Exemptionsb	\$4,250 4,250 4,250 4,250 4,250	d 
Projected Income (1985) 2 or more persons <sup>a</sup>	\$1,870 6,670 8,800 10,670 13,070 16,000 19,470 23,470 30,400	1 - person <sup>a</sup> 2,400 6,400 8,800 12,800 20,270 25,603
Decile	1724707800	L 2 & 4 & 2 0 6 6 7 .



### Footnotes to Table VI

found in the Metropolitan Housing Series HC (2) of the 1970 Census. The FHA technique FHA methodology cannot be completed using available 1-person renter income. In 1969, over 50% of renter households had incomes "less than \$2,000," hence no decile they earned less than \$2,000.) This large percentage is due to the high percentage individuals (1-person). Further breakdown of 3-person-4-person, (etc.) households distribution for D1 to D5. (Of all 2-person renter-income in the SMSA, 22.7% said can be obtained only for the City of Gainesville or for the SMSA (Alachua County) Census , 1970 Census of Housing, Fourth-Count Tally, Minor Civil Division, Table Based upon 1970 Census renter income distribution for Urban Area (Bureau of the utilizes this census source, since its market analyses are written for SMSA's. 110.) Only available totals were for husband-wife families and for primary student households.

b\$2,000 exemption plus \$2,250 deductions (assumes 3-person household).

Cuses 1975 Income Tax Schedule.

d\$2,000 exemption plus \$750 deduction



TABLE VII

## ESTIMATED RENT-PAYING ABILITY GAINESVILLE URBAN AREA, 1985

Estimated Monthly Gross Rent	(2-4 bedroom) <sup>b</sup>		5	52.	87.	22.	49.	75.	14.	53.	379.4	23.	,	(0-1 bedroom) <sup>b</sup>	•1	ı	1	1	5	128.1	64.	22.	7 .	7
,																								
Monthly Rent: Income Reciprocal			241	241	233	233	216	199	191	183	.01583	149			249	249	249	249	233	.02249	216	208	191	183
Gross Rent: Income Ratioa			29									18			3.0									
Renter Family 1985 Income After Taxes		2 or more persons	,87	,29	, 05	9,58	1,53	3,79	6,40	9,30	23,966	28,22		1-person	1	ı	ı	ı	,39	5,694	,57	0,70	, 58	20,31
Ж	1		Ч	2	m	4	D.	9	7	ω	0	9.5			1	2	m	4	Ŋ	9	7	ω	0	9.5



## Footnotes to Table VII

Lower-income households a Adjusted 1969 income divided by gross annual 1969 rent. This rent-to-income ratio (RIR) assumes that households at various income levels are willing to (National average used.) allocate certain proportions of their income for rent. spend more of their income for rent.

bunit size requirements for renter households.

Note: This methodology cannot be completed without more detailed information on number of persons in GUA renter units. Without it, a detailed rent distribution by unit size cannot be compiled.

Instead, another method is used (Table VIII)



TABLE VIII - A

1

ANNUAL QUALITATIVE DEMAND FOR MULTIFAMILY HOUSING GAINESVILLE URBAN AREA, 1985 (LOW ESTIMATE-793 UNITS)a

3-BR	4 4 1 4 8 1 2 2 2 9 1 1 1 1 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	(48)
2-BR	358 202 202 151 113 85 64 48 36 27 20 11	(358)
1-BR	347 226 147 95 62 40 11 11 5	(347)
0-BR	40 24 14 12 33 35 12	(40)
GROSS RENT	\$ 150 140 170 180 180 220 220 220 220 220 220 220 220 230 330 3	

aAssumes a 793 unit annual demand 1975-1985 and a unit size distribution of 5% for 0-BR, 43.8% for 1-BR, 45.2% for 2-BR, and 6% for 3-BR. (Distribution based upon Table B-3, Metropolitan Housing Characteristics, Gainesville, Florida, HC (2)-79, U. S. Bureau of the Census, 1970.) Minimum gross rent based upon 2-bedroom walk-up apartment renting at \$220; other sizes are a proportion of this minimum.



TABLE VIII - B

1

ANNUAL QUALITATIVE DEMAND FOR MULTIFAMILY HOUSING GAINESVILLE URBAN AREA, 1985
(HIGH ESTIMATE-1,095 UNITS)a

3-BR	65 7 4 4 8 55 7 4 0 4 5 1 1 2 2 2 2 3 4 0 1 3 5 1 1 3 5 1 1 3 5 1 1 3 1 3 1 3 1 3	(65)
2-BR	495 371 279 209 156 117 88 66 50 37 21	(495)
1-BR	480 312 203 132 86 86 56 10 10	(480)
0-BR	12 3 3 4 4 2 0 1 1 2 3 3 4 4 2 1 1 2 3 3 4 5 5 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	(55)
GROSS RENT	\$ 150 160 170 180 180 220 220 220 220 220 230 330 330 330 33	

a unit size distribution of 5% for 0-BR, (See Table VIII-A.) 1,095 unit annual demand 1975-1975 and 1-BR, 45.2% for 2-BR, and 6% for 3-BR. aAssumes a 43.8% for



## Environmental Assessment

The following statement is appended to this report as required by Federal law (National Environmental Policy Act of 1969, Public Law 91-190) and is in response to specific requirements found in the Federal Register of August 22, 1975, Part III: Department of Housing and Urban Development, Comprehensive Planning Assistance, General Applicability.

- 1. The environmental impact of the proposed plan, if carried out: It is anticipated that minimal adverse environmental impact will occur when the housing units required as projected in the report are constructed. The present ordinances relating to the protection of the environment which exist in Gainesville and Alachua County will provide considerable protection for the environment.
- 2. Any adverse environmental effects which cannot be avoided should the plan be implemented: Obviously, open space lands which will be developed for residential use will change from a natural state to an urban or suburban use. It is felt that proper design of the residential areas as required by the ordinances in the city and county will protect and require development in harmony with the environment.
- 3. Alternatives to the proposed plan: The plan at this stage (Part I) has only reflected statistical information relative to annual demand over a period of time.

  Alternatives will be developed as a result of Part II of the Housing Element.
- 4. The relationship, under the proposed plan between local short-term uses of the environment and the maintenance and enhancement of long-term productivity:

Man, living as a part of his environment, will naturally affect that environment to an extent. That extent is controlled substantially by laws which govern the use of this environment. Initially, as housing units are constructed there will be a short-term adverse effect upon the environment through clearance of land for streets and units. Subsequently, the environment will be maintained and

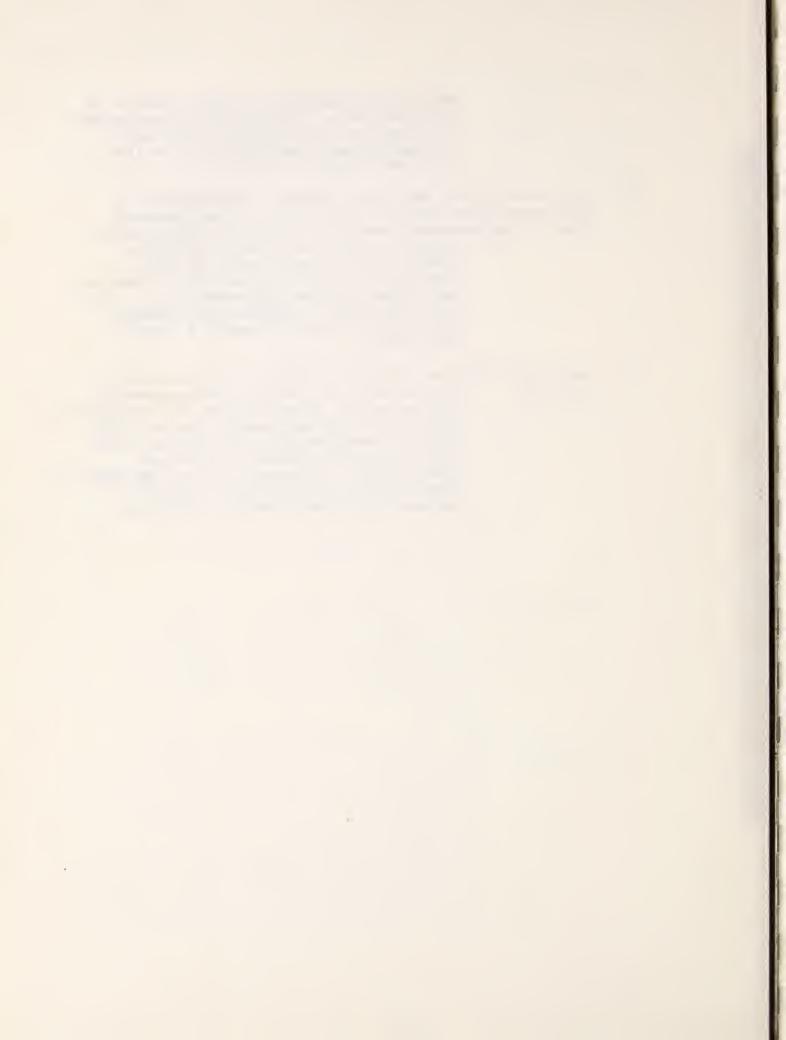


hopefully enhanced to a point where, in the long-term, man and nature can enjoy a harmonious relationship, although the environment would not be in its original natural state.

- 5. Any irreversible and irretrievable commitments of resources which would be involved if the proposed plan is implemented: Natural resources such as plant growth of various types, including trees, will be saved when at all possible during construction of housing units and related improvements.

  Sedimentation, siltation and erosion will be controlled through a local ordinance.
- 6. Applicable Federal, State and local environmental controls:

  Requirements of Natural Environmental Policy Act of 1969; Florida Environmental Land and Water Management Act of 1972; Florida Comprehensive Planning Act of 1975; City of Gainesville Planned Development Ordinance; City of Gainesville Subdivision Regulations; City of Gainesville Flood Control Ordinance.



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> Plan Docs

